

U.S., Ending Ban, Will Talk With Sinn Fein

By Thomas W. Lippman
Washington Post Service

WASHINGTON — President Bill Clinton on Monday lifted the long-standing U.S. ban on official contact with Sinn Fein, the political wing of the outlawed Irish Republican Army, and invited its president, Gerry Adams, to "begin a dialogue" with Washington.

After intense negotiations throughout the weekend, the Clinton administration also agreed to invite Mr. Adams to meet officials at the State Department on Tuesday.

Administration officials said these gestures were intended to reward Mr. Adams for his role in arranging the cease-fire announced by the IRA on Aug. 31. The

Clinton administration views the truce as the first serious opportunity in a generation to negotiate a peace settlement in Northern Ireland.

Mr. Adams, until recently a pariah and still officially a terrorist, has been legitimized by the cease-fire and been transformed virtually overnight into a legitimate diplomatic interlocutor.

But Mr. Clinton declined to allow him to be received at the White House, keeping what U.S. officials and diplomatic sources said was a promise to Prime Minister John Major of Britain.

British officials said they were still not entirely convinced that the IRA had forsworn violence, and they have been advocating caution in accepting Mr. Adams's promises at face value.

"We're neither surprised nor unsurprised — we're not concerned," a spokesman for Mr. Major said in London, Reuters reported. "We've been keeping a close eye on Mr. Adams's visit and listening to what he's been saying. At the end we will collect our thoughts and make some response."

As recently as Friday, according to several sources, the administration negotiated the lifting of the ban, the only U.S. official it was offering for a meeting with Mr. Adams was J. Michael Leksan, director of the State Department's office of Northern European Affairs.

But Mr. Adams wanted to see Vice President Al Gore at the White House, as several other political leaders from Northern Ireland have done this year.

"We thought we had the balance pretty well set," a White House official said, "but over the weekend the British press was portraying this as 'White House Shuns Gerry Adams.'"

Having taken the risk of granting Mr. Adams a U.S. visa last spring in an effort to show him he could gain more by peaceful talk than by violence, the administration did not want to be seen as shutting the door to him, this official said.

On Sunday, according to a White House statement Monday, Mr. Gore telephoned Mr. Adams to inform him that the ban on official contacts would be lifted.

At the same time, the national security adviser, W. Anthony Lake, offered a com-

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Cargo Door Broke Off, Ferry Videotapes Show

About 4,500 Ships of Similar Design Are Now Deemed Potentially Unsafe

Compiled by Our Staff From Dispatches

TURKU, Finland — In a finding that could have major implications for the world's car-ferry industry, investigators said Monday that the huge front cargo door of the Estonia broke off after the vessel failed, dooming more than 900 people to death.

Investigators in Finland, who studied 15 hours of videotape of the wreck lying 80 to 90 meters under the Baltic Sea, said the bow section, which hinges upward, had become completely detached from the ship. It was not found.

The discovery meant that many other ferries with similar moveable bow visors were considered potentially unsafe. About 4,500 ferries are in service around the world, many of them of the same roll-on-roll-off type as the Estonia, where vehicles load at the rear and drive off at the front.

Swedish inspectors on Monday ordered the withdrawal from service of the ferry Lion Prince after discovering a crack in the frame supporting the bow door. The chief inspector, Erik Wedin, said the condition of the ship was "inexcusable." It runs between Varberg, Sweden, and Grenaa, Denmark.

In Britain, the Stena Sealink line withdrew the ferry Stena Felicity from service between Wales and Ireland after a locking pin on a bow door sheared.

Swedish investigators disclosed last week that before the Estonia disaster there had been several incidents with the bow doors on Baltic ferries, including one in which a boat took a large amount of water on its main vehicle deck.

Investigators believe that hundreds of tons of sea water poured onto the Estonia's car deck, making it impossible to control the ship as the water sloshed from one end of the giant deck to the other in a storm. Experts said that the lack of bulkheads, or retaining inner walls, on the ferries meant that even a relatively small amount of water on the deck could be disastrous.

In Tallinn, Estonia, the Estline, the Swedish-Estonian shipping company that owned the Estonia, said it would perma-

nently seal the bow doors of a sister ship, the Vironia, before it is put into service. Cars and trucks will have to load and unload through the stern doors.

The Finnish transport minister, Ole Norrback, said his government was considering banning bow doors altogether.

Operators like the fore and aft doors because they enable crews to load and unload hundreds of vehicles quickly and thus increase a ship's productivity.

Videotape brought back by two Finnish undersea robots indicated that with the bow section dislodged, storm seas breached the water-tight door behind. This door hinged downward to double as a vehicle ramp.

"The watertight bow ramp that was located behind the visor is still in place, although there is a gap of about one meter along its top edge, which has allowed water to flow onto the car deck," the 11-member investigation team said in a statement. "The water inflow through the partly dislodged forward ramp has been of sufficient magnitude to result in a lack of stability and the capsizing of the ferry."

The powerful lights aboard the robots pierced the darkness to reveal the Estonia lying in one piece, with many of its lifeboats still attached. The ship is a tomb for hundreds of passengers and crew.

A member of the international investigating team, Olof Forssberg, said the film showed what had happened after the Estonia night ferry left Tallinn for Stockholm, but did not say why.

"The hardest question remains to be answered: Why did the locking mechanism fail?" he said, adding that it might be possible to remove parts from the wreck to examine them.

Although the tragedy has cast doubt on the seaworthiness of this kind of roll-on, roll-off ferry, the Swedish co-owner of Estline said it would be a mistake to blame the shipping operators.

"When we buy a ship and have all the documents, we think it's safe," Ronald

See FERRY, Page 4



A mother and son, suspected of carrying the pneumonic plague, sharing a hospital bed Monday in New Delhi. About 3,000 patients are being treated in India.

In India, Problems of Modern Day Breed an Ancient Ill

By John F. Burns
New York Times Service

SURAT, India — Driven by a breeze from the muddy Tapi River, the smoke spiraling from Lilaben Menskial's funeral pyre wafted suddenly across the courtyard at the open-air crematorium here, prompting weeping men to clutch homemade masks of cotton cloth more tightly to their faces.

"It is a sad business, sir, a sad business," said Mahendra Modi, caretaker at the Ashwini Kumar crematorium,

who has overseen dozens of similar cremations since an epidemic of pneumonic plague began sweeping this ancient city two weeks ago. Like others at the funeral, he moved sharply back as the smoke moved in his direction.

In the shantytowns that sprawl down to the riverbank, not even the dead are trusted, so great is the fear of contagion from the airborne bacteria that carry pneumonic plague.

Residents who have remained in the slums that were home to most of the victims remain sullen and wary,

pulling back from strangers, avoiding conversation, and closing jealous fingers around foil packets of tetracycline antibiotic pills that have recently become a universal talisman.

Like many others who have died, the 22-year-old Mrs. Menskial, the mother of six, will not figure in official lists. According to family members who carried her petal-strewn bier, she fell ill on Thursday night with

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U.S. Troops Move In to Disband a Pro-Cédras Militia

By Douglas Farah
Washington Post Service

PORT-AU-PRINCE, Haiti — U.S. troops, backed by tanks, armored vehicles and helicopters, on Monday arrested members of Haiti's most feared paramilitary group, seized a large cache of weapons and then stepped back as jubilant crowds ransacked the group's headquarters.

U.S. forces, who had been criticized for not moving swiftly against the Front for the Advancement and Progress of Haiti,

sealed off the streets leading to the headquarters with razor wire, rolled five Sheridan tanks to the front of the Normandie bar, from where the group operated, pointed their guns at the buildings and began arresting those inside.

In all, 35 people were arrested, disarmed and taken away in trucks while a crowd of several thousand cheering Haitians stood by to roar their approval of the U.S. action.

Several other arms caches were seized, some in the homes of wealthy supporters

of the military. In recent days, members of the paramilitary group had openly shot anti-junta demonstrators, killing at least three on Tuesday and five on Friday, and there had been growing pressure to shut the group down.

How and when to disarm civilian paramilitary groups has been a central question for U.S. forces here, who are occupying the nation to create a stable environment for the return of the overthrown president, the Reverend Jean-Bertrand Aristide.

Aristide supporters had been highly critical of what they called the slow pace of American efforts to disarm the Front and other groups tied to the army, which were hated and feared by most civilians here.

Monday's taking of the Front's headquarters came as the United States continued to insist it had no intention of taking control of Haiti's internal security and

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'94 No Year of the Woman in U.S. Politics

By Richard L. Berke
New York Times Service

CHICAGO — When Dawn Clark Latsch pulled an upset and won the Democratic primary for governor of Illinois in March, she seemed well on her way to following the trail blazed here two years ago by Carol Moseley-Braun on her way to the U.S. Senate.

Not only is Ms. Netsch the first woman nominated for governor by either major

party in Illinois, she is also the first woman in the nation with a female running mate, Penny Severns. Yet Ms. Netsch rarely talks to voters about the historic nature of her ticket, and her candidacy has generated little enthusiasm among women or men.

Unlike Ms. Moseley-Braun, a Democrat who drew support from Republican women, Ms. Netsch is having trouble winning over women in her own party and is stalled as much as 30 points behind Governor Jim Edgar in local polls.

"Nobody is really paying much attention," Ms. Netsch, the 68-year-old state comptroller, said in an interview at her campaign headquarters. "Maybe it's our fault for not having made more of it. But if you beat everybody over the head with it

constantly, then it sounds as if you're saying people should vote for you just because you're a woman."

While the professorial Ms. Netsch is a far different candidate in many ways from the youthful Ms. Moseley-Braun — and her sex is but one factor in her campaign — her conflict over whether to emphasize the fact that she is a woman is emblematic of the conflicts faced by female candidates around the country.

The impressive gains by women in 1992 have left a complicated legacy for those running this year; many agree that being a woman is not the advantage it was two

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Dow Jones		Trib Index	
Up	3.70	Down	0.64%
3846.89		113.88	
The Dollar		Mon. close	
New York	1.554	previous close	1.5501
DM	1.554		1.58
Pound	1.579		
Yen	99.55		98.16
FF	5.902		5.2825

Newsstand Prices	
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Egypt.....1.40 CFA	Réunion.....11.20 FF
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Gabon.....960 CFA	Senegal.....960 CFA
Ghana.....300 CFA	Spain.....300 Ptas
Greece.....300 Dr.	Tunisia.....1,000 Din
Italy.....2,400 Lire	Turkey.....1 L. 35,000
Ivory Coast.....1,120 CFA	U.A.E.....8.50 Dirh
Jordan.....1 JD	U.S. Mil. (Eur.) \$1.10
Lebanon.....US\$1.50	

BUDAPEST — Somebody is spicing Hungary's spice of life.

Sales of paprika, the sunset-colored powder that occupies pride of place in the spacious culinary pantheon of this Central European country, were suspended last week following the discovery of large amounts of lead-rich red paint lacing up to one-third of the paprika samples tested by the government.

A nationwide manhunt against what a spokesman for the National Police headquarters called "the big-

gest and most serious food adulteration case in the country's modern history" has netted 18 people so far. At least 40 people have been hospitalized with lead poisoning after eating dishes tainted with poisoned paprika. The crisis is so serious that Prime Minister Gyula Horn has appointed his deputy, Gabor Kuncze, to head the inquiry.

There are many theories about a motive — including an international conspiracy to destroy Hungary's export markets and schemes to hurt tourism here — but the generally accepted reason is profit. According to police, nefarious dealers figured that cutting paprika with a toxic concoction of flour and paint could

earn them significant booty. In a nation of 10 million people who consume almost a pound (one-half kilogram) of the stuff per capita a year, they were not far off.

According to lawmakers and economists, the plot to taint Hungary's favorite spice could serve as a bitter lesson to this nation, which since 1989 has been in the forefront of former East Bloc countries emerging from four decades of communism. The scandal, they say, reflects the dangers of rushing wildly from an overly controlled economic system to an almost-unregulated one.

The fact that paprika is involved, they say, virtually

guarantees the lesson will be learned. Hungarians are almost as proud of their paprika and their cuisine, the sole oasis in the culinary desert that is present-day Eastern Europe, as they are of their unusual language.

"Without paprika, we have no soul," said Gabor Szekelyi, the chef at Gundel, Hungary's most famous restaurant, situated near the Budapest Zoo. Mr. Szekelyi, who learned to cook in his grandmother's kitchen, calls the spice "the key to my art."

Paprika first came to Hungary in the 16th century by a circuitous route during the occupation of the

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PULLING IN TWO — Demonstrators tearing apart a German flag Monday in Bremen. Anarchists rioted in the city on Unity Day. Page 2.

Kiosk

Agriculture Chief In U.S. Resigns

Agriculture Secretary Mike Espy, under investigation for accepting gifts from people or companies that do business with his department, resigned Monday. The former congressman from Mississippi had been one of four blacks in the Clinton cabinet. (Page 3)

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THE AMERICAS / THE NEW DOCKET

Espy Quits, 'Young' Court Faces But Denies His Actions Broke Law

WASHINGTON — Agriculture Secretary Mike Espy, who is under investigation for accepting gifts from people or companies that do business with his department, resigned Monday.

The former Mississippi congressman was one of four blacks in the Clinton cabinet. "I must personally overcome the challenge to my good name," Mr. Espy said. "The president deserves to have his agenda go forward with a minimum of distraction."

Mr. Espy said that he had "failed" himself by not being as "careful as he should have in managing some details of his personal finances. And he apologized to President Bill Clinton for any embarrassment he had caused the administration."

But he said the allegations that he had improperly billed the government for travel or other expenses were "untrue and unfounded." Mr. Espy said he could not comment specifically on the allegations because of a pending investigation by a court-appointed special prosecutor.

Ruth Harkin, who heads the Overseas Private Investment Council and was a candidate for the post the first time around, resurfaced as a possible replacement as agriculture secretary. She is the wife of Senator Tom Harkin, Democrat of Iowa. Mr. Clinton had also looked at Representative Jill Long, Democrat of Indiana, and Representative Dan Glickman, Democrat of Kansas. The name of Representative Mike Synar, Democrat of Oklahoma, has been circulated for several top administration posts since he lost his bid for reelection.

Earlier today, Mr. Clinton pointed Mr. Espy out for praise at a trade event.

The White House chief of staff, Leon E. Panetta, said Sunday that Mr. Clinton thought Mr. Espy did a good job but warned that the president did not want his aides to "engage in any conduct that raises questions about ethical behavior."

An independent counsel is trying to determine whether Mr. Espy violated federal law by taking gifts from organizations or people doing business with the Agriculture Department. Mr. Espy received free tickets, lodging, travel and used government money to lease a car he kept in Mississippi.

Mr. Espy has denied any wrongdoing and repaid more than \$7,600 in expenses. Officials said he was concerned about the bad publicity.

Brazil Hopes Election Will Polish Image

RIO DE JANEIRO — With a seasoned former finance minister leading in all opinion polls, analysts say the Brazilian presidential election Monday should strengthen democracy in Latin America and help restore Brazil to its role as the region's economic locomotive.

Confident of a victory by former Finance Minister Fernando Henrique Cardoso, foreigners have already invested billions of dollars in the country, pushing the São Paulo stock exchange index up 90 percent in dollar terms this year and making it the world's fastest growing exchange.

With the "lost decade" of the 1980s fading into memory, Brazil's economy is growing by 5 percent this year, twice the rate of Mexico's, the region's second largest economy.

"I would not be surprised if Brazil is starting a decade of 6 to 7 percent annual growth," said Rudiger Dornbusch, an economics professor at the Massachusetts Institute of Technology.

The vote Monday will be only the second direct presidential election here since 1960, and is thus seen as strengthening a democracy rattled last year by separatist movements, calls to close Congress and a referendum on restoring the 19th-century monarchy.

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Ask about our special reduction for Herald Tribune readers

By Linda Greenhouse

New York Times Service

WASHINGTON — The Supreme Court, its members collectively younger and newer than justices have been for many years, opened its new term Monday confronted by the legacy of its recent past.

Issues on which the court has yet to achieve closure or even much coherence are prominent on the docket, including significant challenges to federal affirmative-action programs and to long-running federal court supervision of school districts that were once segregated.

Nearly certain to be added as the term goes on is one or more voting-rights cases, questioning the validity of districts drawn to increase minority representation in Congress.

The court has been closely and bitterly divided on these issues. The new term will show whether the divisions will persist or whether the court, reshaped by new appointments, is ready to look for a new consensus.

Any search for consensus will probably have to proceed without the participation of Justices Antonin Scalia and Clarence Thomas, who have shown themselves to be well to the right of the court's center.

In a separate opinion on the final day of the last term, for example, they suggested that the Voting Rights Act, as interpreted by Congress and the court for nearly 30 years, was unconstitutional, a view that no other justice endorsed.

The court's decision last week to add to its docket both the affirmative action case and the latest round of the 17-year-old Kansas City, Missouri, school desegregation case suggests an appetite on the part of at least some justices to confront issues that have lain dormant for several years.

On the other hand, the justices may have been principally motivated by a sparse argument

calendar with ample room for additional cases.

Since 1988, when Anthony M. Kennedy took his seat, five justices have joined the court. Chief Justice William H. Rehnquist remarked on the rapid turnover at a courtroom ceremony Friday for the formal investiture of the newest justice, Stephen G. Breyer.

Noting that only four justices joined the court between 1972, when he took his seat, and 1986, when he became chief justice, Chief Justice Rehnquist, 70, said he was the first chief justice since Harlan Fiske Stone, who served in the 1940s, to also be the longest-serving member of the court.

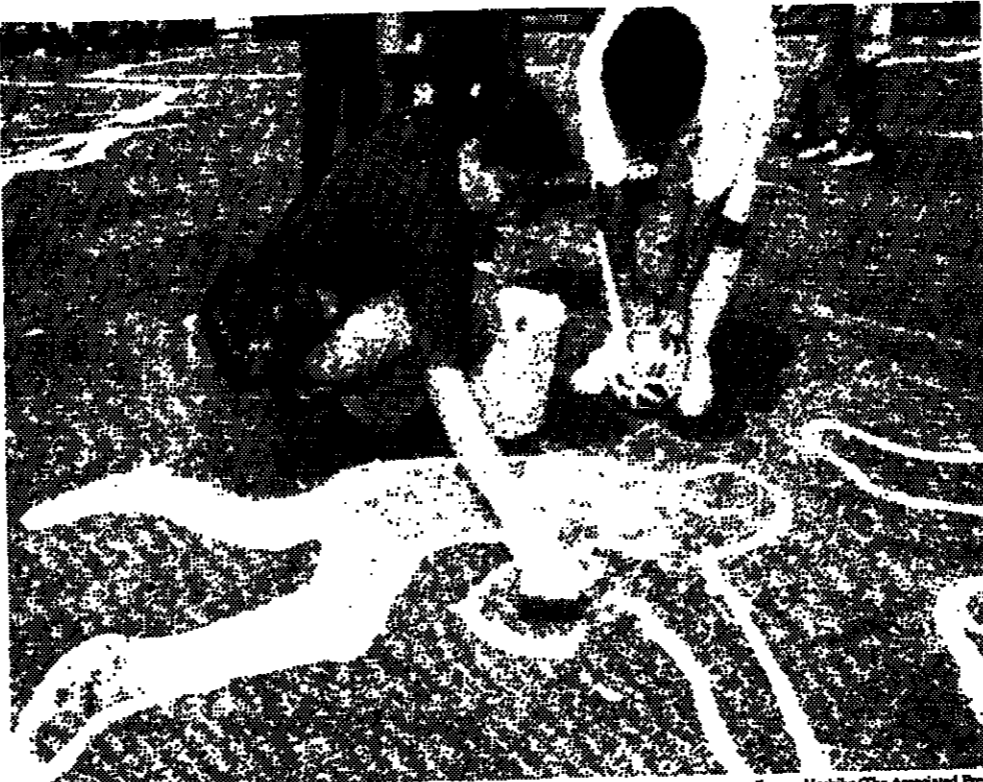
The average age of the justices, who range from the 46-year-old Justice Thomas to 74-year-old John Paul Stevens, is 60. That may not sound notably young, but it is the second-youngest average this century.

The youngest court, with an average age of 58, was achieved through President Franklin D. Roosevelt's series of appointments in the late 1930s and early 1940s. Before the recent appointments, the average age of the justices was in the 70s.

Justice Breyer, 56, is in a position to make a fast start. From his more than 13 years as a federal appeals court judge in Boston, he is familiar with most of the issues before the court. Most of the other justices know him and hold him in high regard. And some of the older police officers in the building remember him as Steve Breyer, law clerk to Justice Arthur Goldberg in the 1960s.

Justice Breyer is widely expected to add his voice to argument sessions that, with the arrival last year of Justice Ruth Bader Ginsburg, were already the liveliest in years.

The court has accepted 48 cases for argument and will probably add roughly that number to its docket over the next few months.



GHOSTS FROM THE PAST — A woman painting white shadows in a Mexico City plaza to help serve as reminders of a clash between police and students demonstrating against an authoritarian government on Oct. 2, 1968, in which 49 people were killed.

Mexican Police Say Legislator Ordered Slaying of Governing Party Official

By Anthony DePalma

New York Times Service

MEXICO CITY — A governing party legislator ordered the killing of a powerful official last week to prevent him from pushing forward sweeping political reforms, according to law enforcement officials. The legislator, Manuel Muñoz Rocha, is being sought by the police.

Investigators say they also believe that other killings may have been planned to block attempts to modernize the Institutional Revolutionary Party, or PRI.

The attorney general's office indicated that political revenge may also have played a part in the assassination Wednesday of José Francisco Ruiz Massieu, the secretary-general of the governing party, who was supposed to become leader of the party caucus in the lower house of the legislature in November. He was expected to have played a crucial role in brokering reforms promised by the president-elect, Ernesto Zedillo Ponce de León.

The officials are basing much of their case on the testimony of a man they say is a central member of the conspiracy, Jorge Rodríguez González, 44, who is said to be from Ciudad Victoria in Tamaulipas State.

Mr. Rodríguez González is the brother of Fernando Rodríguez González, the man identified by the confessed assassin, Daniel Aguilar Trevino, as having offered about \$15,000 for the murder of Mr. Ruiz Massieu.

Jorge Rodríguez González told the police that the killing was masterminded by Mr. Muñoz Rocha, a conservative governing party legislator from Tamaulipas who has opposed reform of the party. Fernando Rodríguez González is a consultant to the water commission of the lower house of the federal legislature, which is headed by Mr. Muñoz Rocha.

A statement from the attorney general's office quoted Jorge Rodríguez González as saying his brother had said: "There was a list of important persons in Mexico who would have to die because they support a series of reforms to modernize the country politically, which didn't sit well with Congressman Manuel Muñoz Rocha."

Jorge Rodríguez González also told the authorities that Mr. Muñoz Rocha had discussed Mr. Ruiz Massieu's murder with Abraham Rubio Canales, a jailed governing party official from the state of Guerrero who blamed Mr. Ruiz Massieu for his incarceration in a fraud case.

War Crime Suspect Wins a Round

Justices Let Stand Fraud Finding in His U.S. Expulsion

The Associated Press

WASHINGTON — The Supreme Court dealt a possible blow Monday to the government's renewed effort to force John Demjanjuk out of the country as a Nazi war criminal.

The court, without comment, let stand a ruling that said Justice Department lawyers committed fraud in winning Mr. Demjanjuk's extradition to Israel in 1986.

The 6th U.S. Circuit Court of Appeals ruled last November that government lawyers defrauded the courts by failing to turn over evidence in the retired Cleveland autoworker's favor.

Mr. Demjanjuk was convicted and sentenced to death in Israel in 1988 for being "Ivan the Terrible," a Nazi guard who tortured and killed Jews at the Treblinka death camp in Poland during World War II.

But Israel's Supreme Court overturned his conviction last year as a case of mistaken identity. Mr. Demjanjuk was allowed to return to the United States in September 1993.

Government officials have said they remain convinced that Mr. Demjanjuk was a war criminal. They have asked a federal judge to reaffirm a separate 1981 decision that stripped him of his U.S. citizenship on the grounds that he lied about his past when emigrating to the United States.

The appellate court said government lawyers should have disclosed statements from two Treblinka guards who identified another man as Ivan the Terrible. The government also should have disclosed conflicting statements from another guard and a list of Treblinka guards that did not include Mr. Demjanjuk's name, the court said.

Justice Department lawyers contended that the lawyers acted in good faith, and therefore the appellate court lacked the authority to reopen the case.

Solicitor General Drew S. Days III told the Supreme Court that the Court of Appeals decision, if left undisturbed,

would very likely hinder the government's efforts to expel Mr. Demjanjuk from the United States.

In the government's appeal, Mr. Days wrote that Mr. Demjanjuk's "service as an SS guard" and "his false statements concealing that service at the time he entered" the United States, rendered him subject to denaturalization even if he was not Ivan the Terrible.

The Supreme Court's move "has no bearing on whether he has a right to be in the United States under the law that excludes individuals who took part in Nazi persecution during World War II," Mr. Stern said.

Mr. Demjanjuk has denied all war crimes allegations.

His lawyer urged the Supreme Court to turn down the government appeal, saying that the appellate court's "decision does nothing more than put the government on notice that in these cases the court will not countenance a reckless disregard for the truth."

Away From Politics

• The judge in the O.J. Simpson trial formally proposed banning television cameras from the courtroom, and scheduled a Nov. 7 hearing on the matter. Separately, 61 percent of lawyers think that Mr. Simpson will not be convicted in his trial, the National Law Journal reported. Mr. Simpson is being tried in the deaths of his ex-wife, Nicole Brown Simpson, and her friend Ronald Goldman.

• Two Canadian tourists were jumped and beaten in Clearwater, Florida, after leaving a nightclub, and authorities had no motive. One of the visitors, Serge LaRoche, 34, said, "Maybe they were attacking us because we were speaking French." His companion, Har-

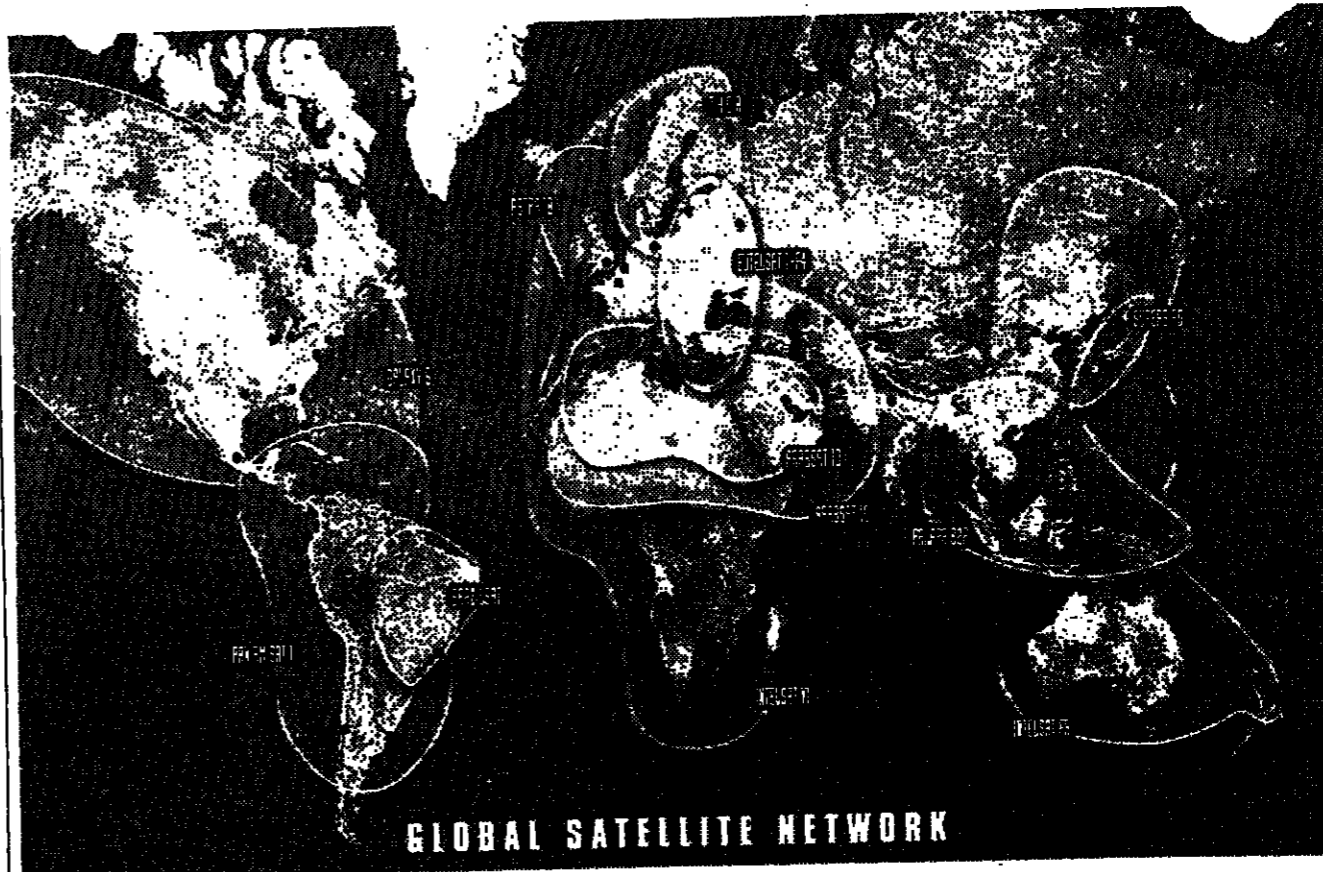
old Sergerie, 28, was in critical condition; Mr. LaRoche was treated and released.

• More than one in four pregnancies ends in abortion in Canada as more and more women turn to private abortion clinics, the government said. Canadian women had 100,497 abortions in 1992, up nearly 6 percent from a year earlier, giving the country about 25.2 abortions for each 100 live births.

• Maine has suspended a tough new program of automobile-emission testing. Only two months after the program had begun, Maine decided in the face of citizen fury to drop it while efforts were made to work out the kinks.

• The Costa Rican foreign minister, Fernando Naranjo, was robbed of more than \$800 cash outside the Philadelphia Museum of Art, the police said.

NYT, AP, Reuters



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New Therapy Said to Delay AIDS Onset

Reuters
LONDON — Researchers said Monday that they had conclusive evidence that an experimental AIDS treatment using plasma transfusions delays the onset of the disease in HIV-positive patients and prolongs the lives of AIDS sufferers.

Dr. Abraham Karpas, of the department of hematology at Cambridge University, said, however, that although Passive Immune Therapy, or PIT, was a "breakthrough" in treating AIDS and had no known side effects, it should not be described as a cure.

"It is definitely not a cure," Dr. Karpas said in a presentation to a London conference. "There is no cure in sight, but it looks as if it is the best form of treatment."

Dr. Karpas said U.S. and French studies on the therapy released at the conference confirmed his original research.

"Their double-blind, placebo-controlled studies showed that this treatment benefits AIDS patients and prolonged their survival," he said in a telephone interview.

He said the studies, conducted by the Hemacare Corp. of California and two Paris hospitals, also showed that PIT helped to delay the onset of full-blown AIDS, or Acquired Immune Deficiency Syndrome, in people who tested positive for HIV, the virus that causes the deadly disease.

Under PIT, patients receive a monthly transfusion of half a liter (one pint) of plasma taken from healthy, HIV-positive individuals. The blood has the red and white cells removed and is free of the human immunodeficiency virus, but has high levels of neutralizing antibodies that kill the virus.

Dr. Karpas said he discovered in 1985

that people with HIV who were otherwise healthy had high levels of these antibodies in their blood.

The Hemacare trial studied the effects of PIT on 220 AIDS patients over three years. It found that in the first 12 months, the mortality rate was greatly reduced in the group that received the plasma transfusion, while those in the control group, where no treatment was given, had a death rate of five times higher.

The treated group had one death in 21 people, while the placebo group had six deaths in 30.

Moreover, the number of AIDS-linked infections was far lower in the treated group, and the blood donors themselves also appeared to benefit. The researchers said donating blood appeared to stimulate the production of neutralizing antibodies in the blood of HIV-positive patients.

Just a Few UN Convoys Are Rolling Again in Bosnia

Reuters
SARAJEVO, Bosnia-Herzegovina — Some United Nations convoys blocked by Bosnian Serbs in retaliation for a NATO air strike progressed Monday, but the main civilian aid effort remained at a standstill.

UN peacekeepers said the Serbs gave permission for seven UN military supply convoys to cross their checkpoints.

The United Nations High Commissioner for Refugees sent two relief convoys from Belgrade to the Bosnian border to try to reach the Muslim enclave of Gorazde in eastern Bosnia.

The main test of the UN's freedom of movement in Serb-held territory will come Tuesday, when peacekeepers and the refugees agency plan to have 29 convoys on the road.

Sarajevo's airport, gateway to three-quarters of the relief on which the Bosnian capital depends, was shut for an eighth day, as UN negotiators met the armed forces of the Bosnian Serbs to seek guarantees that aid planes could fly safely.

The Bosnian Serbs' leader, Radovan Karadzic, had agreed to let convoys operations resume Sunday, but word of the agree-

ment apparently did not reach the checkpoints.

The U.S. defense secretary, William J. Perry, said Monday that he expected NATO to make more vigorous use of air power against Bosnian Serbs.

But the senior UN official in the former Yugoslavia, Yasushi Akashi, appeared to stick to his more cautious approach to the use of air strikes against the Serbs.

Mr. Perry met Mr. Akashi, together with top NATO and UN military commanders, amid a rift over how to use alliance air power to bring the Bosnian Serbs into line.

Asked by reporters whether

tougher air strikes could now be expected, Mr. Perry said: "I think we are going to see a judicious use of air power, which I believe will be more robust, will be more effective."

Mr. Akashi, asked the same question, replied: "I cannot comment on that."

He added: "We have agreed on close cooperation to make sure that there will be judicious use of air power."

The UN has been unwilling to call in anything more than token air strikes because of the risk of reprisals by Bosnian Serbs against its lightly armed peacekeeping troops.

SPICE: Poisoned Paprika Leaves a Bitter Aftertaste in the New Hungary

Continued from Page 1

Ottoman Empire. Native to Central America, paprika, like tomatoes and corn, were transported to Europe by sailors. Hungarian books devoted to paprika research say the seeds crossed the Atlantic aboard Christopher Columbus's ships. The spice then traveled to the Ottoman Empire and the great trading city of Istanbul, where it quickly became a popular substitute for more expensive black peppercorns.

After they invaded Hungary in 1526, the Turks grew the plant here but, in order to preserve a lucrative monopoly, banned Hungarian peasants from cultivating it. By the late 17th century, the Turks had been driven out and Hungarians were growing it themselves. Hungarian cookbooks first

mentioned the spice's importance to everyday life in the 19th century. Hungary currently produces about 6 percent of the world's supply of paprika, varying its flavors from fireball pungent to sugary sweet.

According to Hungarian politicians, it was the somewhat disorderly breakup of another monopoly that led to the recent paprika crisis.

Before 1989, two state-owned mills dominated the paprika market in Hungary. But with the collapse of communism in Eastern Europe, a widespread liberalization occurred in food processing. Within two years, 70 mills, all of them private, were grinding the product.

The economic and political changes throughout the former Warsaw Pact countries were accompanied by an almost com-

plete breakdown in government quality controls. Scandals involving fake vodka in Poland, bad cigarettes in Bulgaria and bogus coffee beans in Czechoslovakia were commonplace. Such problems did not help an agricultural sector already reeling from the changes.

"It really was a childish type of liberalization," said Pal Jasz, a former foe of Communist rule and now a member of Parliament who represents the paprika-producing region of Bacs. "Everybody was given a license to produce anything, and quality control went out the window."

Now, there is hope the government will step in and reinstitute stricter methods to ensure that poisons do not find their way into foods, said Agoston Kmetty, president of the Buda-

pest Chamber of Entrepreneurs and Traders.

Mr. Kmetty, 48, a grizzled businessman, runs a stand in Budapest's newly renovated main market, an awe-inspiring example of late Austro-Hungarian Empire architecture in the heart of this beautiful city.

"It's obvious the government is just pumping up this crisis as a way to reassert some control over the market," Mr. Kmetty said as housewives picked over his formidable stocks of fruit and garlic. "Nobody pays taxes here. Nobody pays fines. This is the only way they can get people to realize this kind of thing is important."

Asked about his own paprika stocks, Mr. Kmetty smiled. "I've got a good source," he whispered.



Prince Hassan addressing reporters Monday as Mr. Clinton and Mr. Peres listened.

Rabin Wins Lawmakers' Support For Peace Initiatives With Syria

By Caryle Murphy
Washington Post Service

JERUSALEM — After weeks of turmoil in Israel's governing coalition, Prime Minister Yitzhak Rabin won parliamentary approval Monday for his foreign policies, which he said would include a request for U.S. troops to monitor any peace treaty signed with Syria.

In an impassioned defense before the opening session of Israel's Knesset, Mr. Rabin also noted Syrian "willingness to be a partner in the effort for peace" and predicted an Israeli-Jordanian peace treaty would be signed by the end of this year.

The 53-to-41 vote gives the prime minister a stronger political hand to press negotiations on a treaty with Syria, which will entail an Israeli withdrawal, in stages, from the occupied Golan Heights.

The vote was also a welcome respite for Mr. Rabin, who in recent weeks has had to contend with a rebellion within his Labor Party, an emotional 19-day hunger strike by Israeli settlers on the Golan and attacks from the rightist Likud party. All were set off by Mr. Rabin's reported readiness to withdraw from the Golan in order to secure peace with Syria.

Mr. Rabin noted that his policies had brought Israel historic agreements with the Palestinians and Jordanians; relations with Morocco and Tunisia; a move by Saudi Ara-

bia and five other Gulf states to drop the secondary boycott of companies doing business with the Jewish state, and a string of first-ever visitors, including one starting Tuesday by China's deputy prime minister.

"In recent weeks, we have discerned indications of Syria's willingness to be a partner in the effort for peace," he said, adding, "We have no intention of ignoring these signs."

Addressing the 13,000 settlers on the Golan, Mr. Rabin said that his supreme obligation as prime minister was to examine every possibility for peace. He said: "I would like to ask you, my friends on the Golan Heights, What must we do? Not try? Not make an effort to reach peace? Reject out of hand the possibility of putting an end to all the wars?"

In another positive development Monday, leaders of Jordan and Israel met with President Bill Clinton in Washington to report progress on planning several joint economic projects, and U.S. officials said that the two former enemy states hoped to achieve a comprehensive peace treaty by the end of the year.

Crown Prince Hassan of Jordan and Foreign Minister Shimon Peres of Israel conferred with Mr. Clinton for an hour at the White House. The three emerged to describe a series of joint economic, environmental and tourism ventures that the president called "the building blocks of a modern peace between these two ancient lands."

FERRY: Cargo Door Broke Loose, Videotapes Show

Continued from Page 1

Berman, managing director of Nordstrom & Thulin AB, told Reuters.

"And then we give it good service and things like this happen. It's terrible."

Swedish maritime inspectors have said the Estonia disaster might have been averted if the owners had reported earlier in-

cidents with the bow doors. Mr. Wedin, the Swedish inspector, said the cracks in the Lion Prince, for example, must have been apparent for some time.

"We think that given the kind of crack it is, it should have been discovered in previous inspections, because it did not happen in one night," he said in a radio interview.

In Tallinn, Estonian officials rejected suggestions made by Swedish unions and in the Swedish press that the Estonian crew might have been incompetent.

A board member, Sten Crister Forsberg, said the ship and crew were "of no less quality" than any other in the Baltic Sea. (AP, Reuters, AFP)

HAITI: Closing Down a Militia

Continued from Page 1

police functions. But members of the Front in the buildings Monday apparently called their police allies for help when U.S. troops rolled up. A white double-cabin pickup truck of armed Haitian policemen appeared on the scene brandishing automatic weapons. American troops with their M-16s at the ready surrounded the vehicle.

After a brief staring match, the U.S. troops took the Haitians out of the pickup truck, confiscated their weapons, handcuffed them, gagged them with tape and placed them in the back of a large American truck. The policemen then had the handcuffs and gags removed, were driven away and released. U.S. officials said the policemen had been taken away because the crowd was ready to attack them.

When the crowd lost its fear that the paramilitary group might somehow respond, it poured into the streets, forming lines of dancers that sang pro-Aristide and pro-American slogans.

Men and women, old and young, approached the American military vehicles to touch the tanks or shake the hands of the smiling troops.

"We are free, liberty, liberty," yelled one woman who tried to kiss every American she saw.

The Front, formed in August 1993 to oppose the return of Father Aristide, is accused by human-right groups of killing hundreds of Aristide supporters in the past year. It is believed by U.S. officials to be responsible

for the spate of violence against Aristide supporters since U.S. troops began occupying this impoverished nation two weeks ago.

The takeover of the Front's headquarters came a day after U.S. troops arrested four top leaders of other paramilitary groups that have terrorized the civilian population. Among those arrested was Romeo Halloum, chief adviser and head of security for the army commander, Lieutenant General Raoul Cedras. Mr. Halloum's group was known as the "Ninjas" because members dressed all in black, keeping their faces covered.

Lieutenant General Henry H. Shelton, commander of U.S. troops here, said Monday that those arrested were being held in Haiti by U.S. troops and would be turned over to the Aristide government once it resumed control of the nation. He said Mr. Halloum and others who hold U.S. citizenship could be turned over to the U.S. Justice Department.

General Shelton said one American soldier was wounded in an exchange of gunfire with unidentified Haitians in the southern town of Les Cayes at midnight Sunday. It was the first American combat casualty here since U.S. troops arrived.

General Shelton said the soldier, whose name was not given pending notification of family members, was hit in the abdomen and was in stable condition. He said it appeared the American soldier had wounded or killed his assailants in the firefight.

ULSTER: U.S. Switches Policy

Continued from Page 1

promise on the meeting schedule: Mr. Adams is not welcome at the White House, but he will meet at the State Department with a U.S. team headed by John Kornblum, senior deputy assistant secretary of state for European affairs.

Also in the meeting will be Mr. Gore's national security adviser, Leon S. Fuerth, and the National Security Council staff director, Nancy E. Soderberg. The White House released the text of a letter that Mr. Lake

wrote to Mr. Adams on Sunday saying that the State Department meeting would be "the beginning of a process of engagement with Sinn Fein that would increase as events progressed in Northern Ireland toward peace."

The topics the Clinton administration wants to discuss, he said, include how Washington can be helpful in the various political forums and dialogues now being discussed by the British and Irish governments and the Ulster factions,

PLAGUE: Modern City and Old Ill

Continued from Page 1

fever and chest pains, and died before noon on Friday. On her death certificate, officials at the Maskati Charitable Hospital wrote ambiguously: Fever (unconfirmed).

Many things are likely to remain uncertain in Surat, the industrial boomtown that is the epicenter of the worst plague outbreak to strike anywhere in decades. The official death toll is 51, with nearly 800 others under treatment or hunted by the police after fleeing isolation wards. But unofficial accounts suggest that the real number may be several times higher.

As the plague spreads across India, with close to 3,000 patients now under treatment, it is less the dispute over the death toll that is attracting attention than what caused the outbreak, how it has been handled by the government and the lessons for the future.

On all these issues it is Surat that is at the core. Located a short distance up the Tapi River from the Arabian Sea, Surat became India's first major gateway for European traders in the 17th century. For at least 250 years, the city remained a more important center than Bombay, 260 kilometers (160 miles) south, which eventually eclipsed Surat in the 19th century as India's commercial hub.

In the last 20 years, as a boom in small textile plants and diamond-cutting workshops has drawn hundreds of thousands of migrants, more than doubling the city's population, to 2 million, Surat has begun to regain its importance. It is now the 12th-largest city in India.

But it has also become a metaphor for India's urban ills. Half the population lives in housing that consists of little more than concrete shells, or in squalid hovels made of wood, plastic sheeting and oil drums beaten flat.

In the shantytowns, there are no sewers and no running water. Most slum-dwellers take their water from the river or from community taps that are badly polluted. At least a half-million people lack toilets.

Until the plague struck, there was no garbage removal. Such conditions exist in doz-

ens of other cities in India. But there may be nowhere quite as bad as Surat.

Last month, 80 days of monsoon rain caused the Tapi to overflow. When the waters receded, they left a sea of mud and dead animals and refuse that remained uncleared.

On Sept. 18, nine days after the floodwaters began to recede, the first two victims of the plague were brought to the New Civil Hospital.

By then, newspapers were reporting a bubonic plague outbreak 300 kilometers away in Maharashtra state, in an area devastated by an earthquake in October 1993.

Bubonic plague, transmitted from rats to humans by fleas, is a less contagious form of the disease.

Medical textbooks say that the less common but more deadly form of the disease, pneumonic plague, generally develops from bubonic plague. The theory among doctors in Surat is that a migrant worker may have brought the disease here from Maharashtra in early September.

At the hospital, the first two victims were examined by a team led by Dr. Dinesh Shah, 50, an epidemiologist who became the hospital's medical superintendent in August.

Dr. Shah said the men's symptoms — a slight fever, pains in the chest, coughing up sputum, bleeding from the nose and mouth — were first diagnosed as bronchial pneumonia.

Then, on Sept. 20, barely 24 hours after admission, the two men died, while doctors were still puzzling over the diagnosis.

Some Indian medical experts have criticized the doctors in Surat for not immediately making the link to the bubonic plague outbreak in Maharashtra, an oversight that delayed the establishment of isolation wards for at least two days.

But Dr. Shah said doctors anywhere in the world would have been puzzled. "Who could have expected plague, after 40 years of no cases?" he asked.

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TECHG 1/4

4-10-94



Japanese soldiers taking up their Rwandan relief duties in Goma, Zaire, on Monday.

UN Transfers Aide Who Defended Tutsi

The Associated Press
KIGALI, Rwanda — The United Nations dismissed its military spokesman Monday amid controversy over alleged reprisal killings by troops of the new Rwandan government.

Major Jean-Guy Plante of Canada will head a military police detachment in Kigali effective immediately, said the executive director of the UN mission in Rwanda, Abdul Kabia.

"There is a change in emphasis," Mr. Kabia said at a news conference, adding: "We are emphasizing humanitarian and support services we are giving to the country."

Last week, Major Plante defended the Tutsi-led Rwanda Patriotic Front after it was accused of systematic revenge killings against the majority Hutu ethnic group. He said UN troops had found no evidence of new killings on a wide scale.

Major Plante said the allegations, mostly by the UN High Commissioner for Refugees, were part of a plot to discredit the United Nations and the new government installed by the Tutsi rebels in July.

Last week, the UN secretary-general, Boutros Boutros-Ghali, ordered UN officials to keep silent about the alleged vengeance killings pending an investigation of allegations by the refugee agency.

U.S. Drafts a Big Military Thaw With China

By Michael Richardson
International Herald Tribune

SINGAPORE — The commander of American forces in the Pacific says the United States plans to intensify military contacts with China, including the holding of joint exercises, as part of a strategy to gain Chinese support for new security arrangements in the Asia-Pacific region.

Such a move would mark a major thaw in military ties between the United States and China, which were frozen by Washington in 1989 after Beijing called in the army to crush large-scale pro-democracy protests.

In an interview Monday in the Straits Times newspaper here, Admiral Richard C. Macke, commander of U.S. forces in the Pacific, said America wanted to "move forward" in its military relationship with China toward visits by each other's warships, exchanges of armed forces personnel and small-scale exercises.

The U.S. plan to re-establish

an extensive range of contacts with the Chinese armed forces is expected to be widely welcomed by other Asia-Pacific nations that favor a policy of "engaging" China in the widest possible range of mutually beneficial exchanges, starting with trade and investment and extending to cooperative security arrangements.

Officials from those countries maintain that if China has a strong vested interest in the region's economic prosperity and is given the opportunity to help shape a new security framework, it will opt to maintain peace and stability instead of using force to pursue territorial claims in such areas as the South China Sea and Taiwan.

"Inescapably," Prime Minister Paul Keating of Australia said recently, "the extent and nature of China's engagement with the rest of Asia will be a key determinant of regional security."

Mr. Keating said that China's increasingly active participation in Asia-Pacific security exchanges provided "another important way for China to re-assure the region about its policies."

More than ever, he said, the future of the region's security lies in its own hands and not in a balance of power held by others.

"In meeting this challenge," he said, "countries in the region, including Australia, have

come to understand that their security has to be found with their neighbors, rather than against them."

In July, China joined the United States, Japan, Russia and other Asia-Pacific countries in Bangkok for the first formal discussion at ministerial

'Inescapably, the extent and nature of China's engagement with the rest of Asia will be a key determinant of regional security.'
Prime Minister Paul Keating of Australia

level of regional security problems.

The high-level meeting will reconvene each year, with foreign ministry and defense officials from member countries holding more frequent discussions on ways of defusing potential conflicts.

China has been making strenuous efforts to reassure Southeast Asia that it will not use its growing economic and military strength to threaten the region.

China's president, Jiang Zemin, is expected to reiterate this stance next month when he visits Indonesia, Malaysia, Singapore, Thailand and Vietnam.

In May, the Chinese defense minister, Chi Haotian, said in Kuala Lumpur that Beijing had committed itself not to use force in pursuing its claim to sovereignty over a vast area of the South China Sea, including the disputed Spratly Islands.

Vietnam, Taiwan, Malaysia, the Philippines and Brunei also claim all or some of the islands and the surrounding seabed, which is thought to contain extensive oil and gas reserves.

Japan has a strong interest in the South China Sea because most of its oil and much of its trade passes through it.

China and Vietnam fought a brief naval battle over some of the Spratlys in 1988; all the claimant countries, except Brunei, have put troops on the islands they control.

Malaysia and China agreed last month to appoint defense attaches to each other's capitals to improve cooperation.

Admiral Macke said that countries in Southeast Asia and the Asia-Pacific area were "reaching out to China in a cooperative fashion to try and have Beijing as a stabilizing member" of the regional community.

He said that the key was to "influence China, to reassure

China, so they will work with us to maintain stability."

The formal resumption of U.S. military ties with China began in November with a visit to Beijing by Charles W. Freeman, a U.S. assistant secretary of defense.

He said at the time that a renewed program of military contacts "can contribute both to improving bilateral relations and achieving peace and stability in a number of troubled areas in the world."

Admiral Charles Larson, the former commander of U.S. forces in the Pacific, became the highest-ranking American officer to visit China since the 1989 crackdown when he went there in July.

In August, General Xu Huizi, deputy chief of the Chinese armed forces general staff, went to Washington for talks and also visited U.S. Pacific command headquarters in Hawaii.

The U.S. secretary of defense, William J. Perry, is expected in China later this month.

Bull Kills Woman at Home

Reuters
VIVER, Spain — An 82-year-old woman playing cards in her home was gored to death by a fighting bull, which had escaped from a bullring during a fiesta in this town in eastern Spain, officials said Monday.

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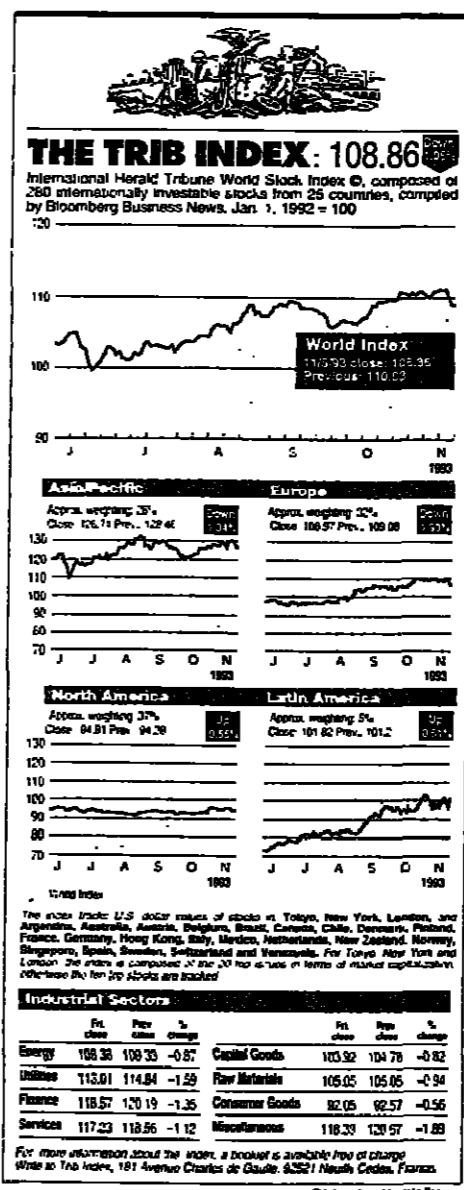
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OPINION

Will a Conservative Tide Lift Maryland's Thatcher?

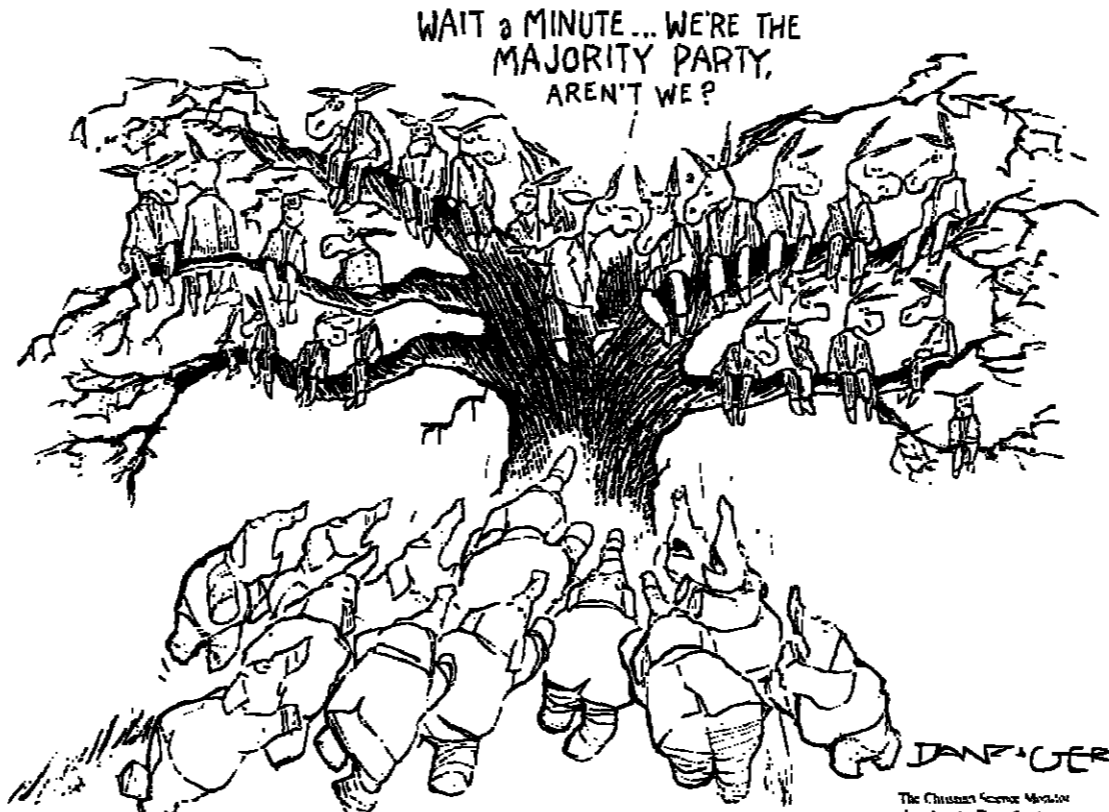
By George F. Will

BALTIMORE — Maryland Republicans, a reviving but still minimal tribe, have found their Margaret Thatcher. Ellen Sauerbrey, 57, has an ideological clarity and pugnacity comparable to that of the prime minister who, it was said, could not see the status quo without hating it with her handbag.

In last month's gubernatorial primary, Ms. Sauerbrey, minority leader of the state House of Delegates, scored a stunning 52 percent to 38 percent upset over the presumptive nominee, Helen Bentley, a Republican congresswoman of the centrist sort that wins, on the relatively rare occasions that Republicans do win, in this, one of the most Democratic states. Ms. Sauerbrey, whose slogans are "This time, try something different" and "Vote yourself a 24 percent tax cut," preaches high-octane conservatism, from more prisons to less welfare.

Experts say this is a recipe for rejection in a state whose last Republican governor, elected 28 years ago, was named Agnew, which has not had a Republican majority in either house of the state legislature since 1919, and now has a legislature with 155 Democrats and 34 Republicans.

Fifty years ago, half of Marylanders were Baltimoreans; only 20 percent were suburban. Today, 15 percent live in Baltimore, 65 percent in suburbs, most in Baltimore County and two Washington suburban counties: Montgomery, one of the nation's richest counties, and Prince George's, which is half African-American. The two core constituencies of the Democratic Party nationally are African-Americans and government employees. Maryland is a dormitory for



much of the federal government and has the highest percentage of African-Americans (almost 25 percent) outside the Deep South.

So, why is Ms. Sauerbrey running competitively against Parris Glendening, an orthodox, presentable Democrat who is county executive in Prince George's? Perhaps many Democrats like the idea of a handbag applied firmly to Annapolis, where the state government has made Maryland, according to Money magazine, third only to New York and Oregon among high-tax states.

All such ratings are disputable, but Maryland's income tax is 44 percent more burdensome than the average state income tax. Ms. Sauerbrey lives north of Baltimore and says cars stream north into Pennsylvania at the end of the workday because Maryland's income tax is 52 percent higher than Pennsylvania's.

Her promise to cut Maryland's tax 24 percent in four years has revealed the intellectual exhaustion of Democrats who are reduced to recycling George Bush's rhetoric, accusing Ms. Sauerbrey of "voodoo economics" and saying she couldn't do it. Last week, Ms. Sauerbrey campaigned with a governor who is doing it: New Jersey's Christine Todd Whitman, who in her first year is on schedule to fulfilling her promise of a 30 percent state income tax cut.

Mrs. Whitman cited New Jersey's experience to refute the contention that state tax cuts necessarily cause increases in local property taxes. Ms. Sauerbrey hopes to get campaign appearances from other tax-cutting Republican governors: Massachusetts's Bill Weld, Michigan's John Engler, the former Dela-

ware Governor Pete du Pont. Ms. Sauerbrey would find budget cutting easier than they did because the budgeting powers of Maryland's governor are Caesaristic.

But will her message get a respectful hearing, or even be heard? Marylanders who do not read The Baltimore Sun are apt to read The Washington Post, and neither paper is sympathetic to tax cutting. Her opponent, having access to the money machinery perfected during decades of Democratic dominance, is forswearing public financing and hence can spend without limits.

Because of the lateness of the primary and the weakness of the state Republican Party, Ms. Sauerbrey is relying on \$1 million in state financ-

For Banned Books Week, Read These Survival Tips

By Anna Quindlen

NEW YORK — It's Banned Books Week in America.

Day 1: Read "Bridge to Terabithia" by Katherine Paterson, which parents in several school districts have tried to remove from required reading lists. Weep copiously at realistic tale of friendship and loss among children.

Read account of attempts to have the book removed from school libraries in Mechanicsburg, Pennsylv-

MEANWHILE

vania. Clergyman says the book refers to church services as "boring." Shocked and amazed.

Discover that "Terebithia" caused such a stink in Oskaloosa, Kansas, that the school board has required teachers to list each profanity in any book they assign and how many times the profanity is used. Page through book. Find a "damn" and write it down. Feel like a fool. "I hate to say it, but sometimes grown-ups are really stupid," says oldest child.

Day 2: Read reams of material about the banning of "In the Night Kitchen," a fanciful account of dreams of little boy by Maurice Sendak. Boy falls out of clothes, is naked, has penis. Penis has been described as "desensitizing children to nudity" (Beloit, Wisconsin), "nudity for no purpose" (Norridge, Illinois) and "the foundation for future use of pornography" (Elk River, Minnesota). In Missouri, copies of book were distributed to kindergarten class after artist was commissioned to draw shorts on boy.

Discover that the profanity in "Terebithia" includes the repeated use of the word "Lord." Begin to agree with oldest child.

Day 3: Contemplate bookshelves in office. "Moby Dick" encourages whale hunting. "Anna Karenina" adultery. Shakespeare teen suicide, usury and the occult. William Faulkner, oy. Consider what would remain if all books containing sex, profanity, racial slurs, violence were removed from shelves.

Narrow it down to "Cat in the Hat," dictionary and Bible. Realize cat with hat encourages children to make a mess while mother is out. Discover in American Library Association Banned Books Week literature that the Bible was challenged as "obscene and pornographic" at library in Fairbanks, Alaska. Fear for future of human race.

Day 4: Read quote from Judy Souleret, mom supporting "Tere-

bithia" in Mechanicsburg: "If only books that no one found objectionable were left on library shelves. I fear they would soon be bare."

Vow to send Judy flowers and the collected works of Toni Morrison. ("Song of Solomon" challenged in Columbus, Ohio. So much for Nobel Prize.) Read "Catcher in the Rye" for pleasure. Lose count of number of times book has been challenged or banned. "It uses the Lord's name in vain two hundred times," said one opponent. Wonder if she's read Bible.

Library Association sends information on case in Wyoming challenging Judy Blume book "Forever." Judy reigning Queen of banned books, maybe because writes books about teenagers in which they talk and think like actual teenagers as opposed to adult's idea of what teenagers should be like. (How quickly we forget.) Parent complained "Forever" contains sex described graphically. Spells graphically "graphically."

Read that parent in Lambertville, New Jersey, objected to "The Amazing Bone" by William Steig, because animals use tobacco. Love Steig, love "Bone," hate tobacco. Heart sinks. Reports of censorship at highest mark in last 10 years. Find myself counting uses of Lord's name in vain in "Catcher." Read dictionary instead.

Day 5: Wonderful end to depressing week. Reread Jane Smiley's "A Thousand Acres," beautiful novel of family relationships, which won Pulitzer Prize. Advanced placement English class in Lynden, Washington, assigned to read it in tandem with "King Lear." Principal pulls it after parents complain, although their kid is not even in advanced placement class. "This was written to be stimulating," parents complained. Next thing you know teachers will be assigning books that are thought-provoking. Riveting. Even compelling. Then where will we be?

Consider entire kindergarten-to-high school curriculum of banned books, beginning with "Night Kitchen" and ending with Jane Smiley. Great stuff all. Foolproof pedagogical method: Tell students they cannot, repeat, CANNOT, read these books. Too stimulating. Watch reading scores soar. Next stop, Faulkner. Finish "Thousand Acres." Decide oldest child is right. Reread "Bridge to Terabithia." Even better the second time.

The New York Times

LETTERS TO THE EDITOR

Partnerships for People

At last week's summit meeting in Washington, Presidents Bill Clinton and Boris Yeltsin stressed the importance of their partnership. But in addition to the cooperative ties of political leaders and businessmen, 40 U.S. nonprofit organizations are building partnerships with counterparts in the newly independent states of the former Soviet Union to encourage outreach and social services. Through a \$25 million project funded by the U.S. Agency for International Development, organizations such as mine impart the how-to of volunteerism

in local efforts to support groups in the newly independent states.

These local organizations are coexisting businesses to hire people with disabilities, forming senior citizens centers and family planning clinics, and providing loans to women starting small businesses. They sponsor workshops on conflict resolution in war-torn Georgia, and ensure a basic income for families in Tajikistan following that country's bloody civil war. Fledgling environmental advocacy groups are improving their communication technology to publicize some of the world's worst environmental devastation, such as the aftereffects of Chernobyl.

Clearly, the will and the infrastructure are there. Since the fall of the Soviet regime, more than 50,000 private voluntary and religious organizations have been launched in Russia alone, and thousands more are springing up in nearby republics. But 70 years of totalitarian leadership has compromised resources and trust. The U.S. AID project offers technical assistance and management training to enable partner institutions to solve their own social, environmental and health-related problems through a more effective safety net.

A few hundred thousand dollars in U.S. assistance is helping lay the basis for a continuous, functioning net-

work of support systems. These partnerships, too, are working.

JUDY HENDREN MELLO
Brattleboro, Vermont

The writer is president of World Learning, a nonprofit educational services organization based in Vermont.

Helping Expatriates Adjust

In response to "Heading Off Culture Shock: Aids Success" (Money Report, Sept. 3) by Barbara Wall:

The article was excellent but neglected to mention the wealth of information and support that is given to expatriate families by Ameri-

can Women's Clubs throughout the world. The Federation of American Women's Clubs Overseas is the umbrella organization for 61 such clubs worldwide. It offers information about cultural adaptation, local customs and logistics, as well as a network of support and friendship during and after the transition from one country to another. Families and companies are encouraged to take advantage of the federation's helpful resources.

BARBARA JOHNSON,
President,
Federation of American
Women's Clubs Overseas,
Paris.

BOOKS

TROUBLED TIGER: Businessmen, Bureaucrats and Generals in South Korea

By Mark Clifford. 350 pages. \$55 hardback, \$19.95 paperback. M. E. Sharpe

Reviewed by Philip Bowring

It is difficult for anyone to be dispassionate about Korea. Koreans themselves seem to have few equals in the national pride-hypocritical chauvinism league. The foreigners who know them best are the Japanese, who are dispassionate by recent history from comment on their erstwhile subjects. That leaves the Americans who can reasonably claim

WHAT THEY'RE READING

• Fernando Ros, director of business promotion for Telefonica Internacional, is reading "Preparing for the Twenty-First Century," by Paul Kennedy. "It analyzes the big problems facing humanity and makes a conjecture about how they will evolve. I don't completely agree with the book's content, but I find it very interesting as an impetus to think about these challenges." (Al Goodman, IHT)



to have created most of the military security and foreign trading pre-conditions for South Korea's remarkable 30-year march from Bangladesh to OECD income levels.

With five years in South Korea behind him, Mark Clifford's American journalistic disposition occasionally shows signs of wear when dealing with South Korea's self-centered inability to acknowledge debts. The first and last chapters of this book might have been written by editorialists sitting in New York. But the core of the book is informative, balanced and well-documented without lacking analysis and reasoned interpretation of the informational black holes that dot the country's recent history.

Clifford has succeeded in describing and explaining the interaction of military, bureaucratic and business interests that have created modern South Korea.

His account of the formative Park Chung Hee era is especially well done. It may not break new ground, but it does show how much South Korea's progress owed to the statist ideas that Park borrowed from pre-war Japan and how both nationalist carrots and bureaucratic sticks were used to spur the private sector, dominated by a few huge groups, to prodigious efforts and epic risk-taking. Clifford shows how disparate and apparently contradictory forces combined in common goals, though he does not address the question of why they did so.

He also recognizes the energy and dissension generated by the friction between populist egalitarianism, inherited Confucian structures of order and the social mobility unleashed by the chaos that reigned between 1945 and 1960. The book also provides a reminder of the ruthlessness and zeal for retribution with which politics has been conducted in Korea, and perhaps bodes ill for chances of reunification without tears.

Clifford has, with reason, few plaudits for former President Chun Doo Hwan, though he probably overstates the impact of corruption that began under Park but flourished more obviously under Chun. But he well

describes the struggles for policy changes, particularly those for economic liberalization put forward by (mostly U.S.-trained) technocrats, and the role of the labor movement during the '80s.

Censoriousness creeps in a little too often for comfort. Despite the amazing changes that Korean society and politics have undergone in the past decade, Clifford sourly comments that elections "do not herald democracy as it is known in the West," citing the number of local government officials as evidence of the state "reaching to every household."

The conclusion is also disappointing. There is little forward thinking. Just a single paragraph on what is perhaps the most important issue facing the South: how to manage eventual reunification.

He is also, as the book title implies, quite gloomy about the future, concluding that South Korea has taken a wrong turn and is in a "developmental cul-de-sac." Maybe. But not much evidence is introduced nor account taken of the factor that South Korea has enjoyed for 30 years and still enjoys: the relatively low cost of relatively high skills.

Clifford assumes that South Korea will be held back by failure to open its markets in accordance with received wisdom. He may well be right. But given the success of statism (including bank nationalizations) in the past, the case is less than proven.

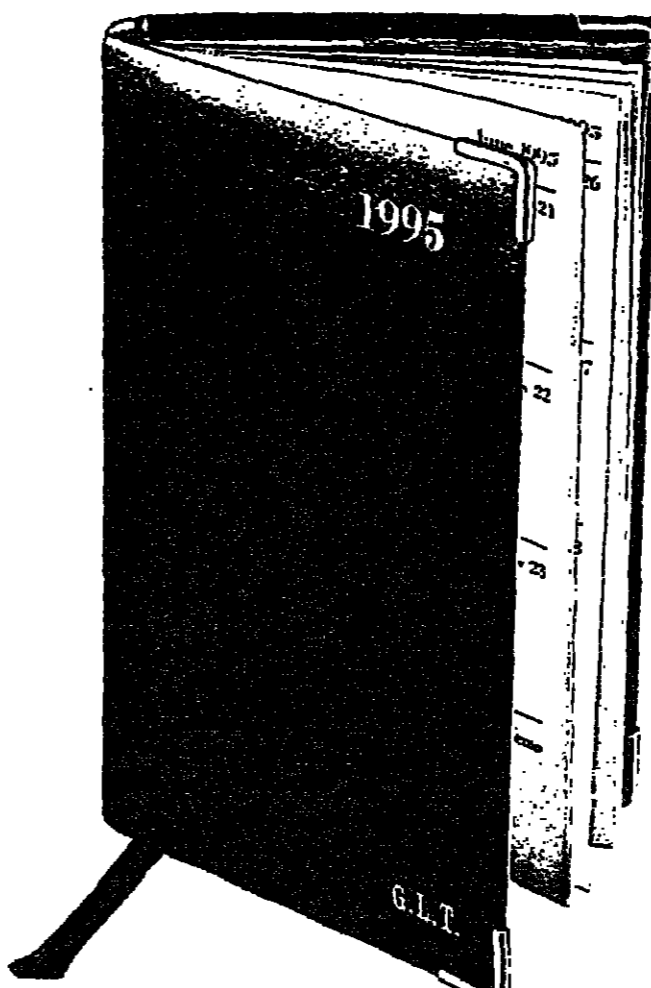
Poor fortune-teller he may be but when it comes to describing what has gone before, Clifford is well informed, writes clearly and has made an unusually good job of weaving business and politics into a single tapestry thus making this a book more useful than most in explaining the process by which South Korea arrived at its current state.

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IMF: Focus on Developing Nations

Continued from Page 1
the planet over the next 20 or 30 years. The same is true to varying degrees of the emerging industrial nations of East Asia and of countries such as Mexico, Brazil or India.

At the World Economic Forum in Davos last winter, Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, argued that the G-7 alone could no longer be considered representative of the world economy. Mr. Sutherland said that a broader grouping would be needed in the future to help manage the complexities of world trade, currencies and other economic matters.

The growing power and competitiveness of developing countries can be seen in the politics of GATT. While the United States, the European Union and Japan still account for the overwhelming bulk of world trade, the developing nations are flexing their collective muscles. Their very competitiveness has forced new issues to the fore. Some of these issues, such as the establishment of international labor standards or the need for business to take environmental concerns into account, are now being shaped in equal measure by both North and South.

Likewise, when it comes to administering aid from organizations such as the IMF and the

World Bank, it seems fair to offer aid recipients — the developing countries — a greater role in decision making. Group of Seven countries are not, however, as blind to this argument as some Third World officials claim.

On Monday, as the annual IMF/World Bank meetings got under way in Madrid, Treasury Secretary Lloyd Bentsen of the United States agreed that developing countries should be given more influence. He also acknowledged that donors need to reform their practices.

At the annual G-7 summit meeting in Naples in July, leaders decided to review the role of institutions such as the IMF and World Bank and come up with reform proposals in time for the summit in Halifax, Canada next year.

What all this means is that years from now this week's IMF dispute may come to be seen less as an ideological struggle or a mere spat over Mr. Camdessus and more as a harbinger of change in the way power is shared in the world economy.

In practice, the G-7 members of the IMF, even though they represent nearly half of the organization's voting power, cannot impeach Mr. Camdessus, who still has another 27 months of his second five-year term to serve. Life, however, may become more difficult for him as he serves out his term, and the



Michel Camdessus, managing director of the IMF, speaking with Finance Minister Mourad Cherif of Morocco and Lewis T. Preston, president of the World Bank, before a session of the World Bank development committee.

IMF may not function as smoothly as a result.

Yet, Mr. Camdessus, who was visibly shocked Sunday

night after having to insist at a news conference that he would not resign, later noted that for the developing countries the

very principal of asserting themselves may have been more important than gaining immediate access to new money. And

here, given the shifting plate tectonics of economic power around the world, he may well have a point.

CAMPAIGN: No Year for Women

Continued from Page 1
years ago and can even be a handicap.

Since the raw anger over the Supreme Court confirmation hearings of Clarence Thomas — who was accused of sexually harassing a former colleague — has subsided, many female candidates say they do not think it helps to emphasize their sex.

In a turnabout from two years ago, it is the men who now see the benefit of playing up the sex of their female opponents. Crime rather than the economy has become the central issue in many races, leaving women to suffer from a stereotype that they are not as tough as men on crime.

Even the women who were elected to the House of Representatives in record numbers in 1992 are finding the excitement over their victories short-lived. They are now considered insiders — not a sure-fire recipe for victory this November. As a result, more than a third of the 48 female House members are considered endangered.

"We're talking about a year where there is less opportunity, where many of the women elected in 1992 are running for re-election in a much tougher political climate," said Harriet Woods, president of the National Women's Political Caucus, who lost two Senate races in Missouri in the 1980s.

"There has just been an apathy among all the electorate. Women may suffer from it, but I don't think it's people saying, 'Oh, we aren't going to support women.'"

Another dynamic playing against women, pollsters say, is that voters generally find it easier to vote for a woman for a legislative job like senator rather than for an executive post like governor. And this year, as compared with 1992, there are many more gubernatorial contests.

Here in Illinois, Ms. Neitsch has not recovered from a barrage of commercials after the primary in which Governor Edgar attacked her for opposing the death penalty. At the time, her campaign did not have the money to respond to him, and her popularity in the polls plummeted.

Struggling to climb back, Ms. Neitsch's senior aides met with worried party leaders last week and decided to redouble efforts to mobilize women and other groups who historically are reliable Democrats.

"Women are demoralized for some reason," Kay Clement, a veteran Chicago political organizer and Ms. Neitsch's closest friend, said during a women's luncheon. "They aren't coming out with the support that they did two years ago."

In other states, women have more hopeful stories to tell. Several have fought off aggressive challenges from male opponents to win primaries.

The Democrats waging competitive, if not winning, races for governor include Kathleen Brown in California, Bonnie Campbell in Iowa and Myrth York in Rhode Island. At least two women are favored to win election to the Senate, Olympia Snowe, a Republican in Maine, and Ann Wylie, a Minnesota Democrat.

Even so, there are just as many examples of women who waged vigorous primary campaigns with help from national women's groups but lost to male rivals who in most cases were better financed.

Lynn Yeakel, who in 1992 capitalized on the furor being directed at Senator Arlen Specter for having voted to confirm Justice Thomas to the Supreme Court and won the Democratic Senate primary in Pennsylvania, before losing in the general election, did not even make it past this year's gubernatorial primary.

On the Republican side, a former radio talk show host, Ronna Romney, was edged out in Michigan's Senate primary. "What you find as a woman is that the normal networks just aren't open," Ms. Romney said in an interview on the eve of her primary. "We literally had to create a whole new universe and a whole new finance universe." Whatever degree gender plays in the elections next

month, the results will inevitably be compared with those of 1992. As Senator Patty Murray, a Washington Democrat who was elected two years ago, declared last week at a Los Angeles fund-raiser for Senator Dianne Feinstein, a California Democrat: "The entire nation is watching California to see if women are up to the job. If the Year of the Women ended in 1992, what does that mean to our daughters?"

If Ms. Feinstein survives a challenge from a well-financed Republican, Representative Michael Huffington, and Ms. Brown manages to defeat Governor Pete Wilson, California will be the first state where the top three office-holders are women. The state's second senator, Barbara Boxer, is also a Democrat.

While Republicans are too savvy to make any sexist appeals that the state is not ready for three women in control, Ms. Feinstein and Ms. Brown are not going out of their way to emphasize their gender. They seem to be trying to preserve their expected support from women without losing male voters. It is a striking contrast to Ms. Feinstein's failed bid for governor in 1990, when she emphasized the historic prospect of becoming the state's first female governor.

Even with diminished voter turnout this year, Mr. Wilson says, Ms. Brown's sex gives her an edge. "There are a certain number of women who avowedly say that they will vote for her because she's a woman, purely because of gender," the governor said in an interview. "There are certain stereotype prejudices that work for and against men and women."

But another stereotype probably works to Mr. Wilson's benefit: crime. Like Mr. Edgar in Illinois, Mr. Wilson has repeatedly castigated Ms. Brown for her stance against the death penalty — though both she and Ms. Neitsch say they would enforce the law on the books. While his attacks would probably work on male opponents, pollsters say they are all the more effective on women.

Don Sipple, the media consultant for Mr. Edgar, Mr. Wilson and George W. Bush, who is running for governor in Texas against Governor Ann Richards, has created look-alike television commercials in all three states that warn voters that the Democrats are too easy on crime.

Though it may be too late, Ms. Neitsch has begun fighting back with a commercial in which she promises to build more prisons if that would keep criminals off the street.

Ms. Richards has had an easier time than Ms. Brown and Ms. Neitsch in inoculating herself from attacks on the crime issue because she is for the death penalty and has cultivated a tougher persona. "She not only supports the death penalty," Ms. Neitsch said, "but she's gung-ho about it."

Zhirinovskiy Meets With Officials in North Korea

TOKYO — Vladimir Zhirinovskiy, the Russian ultranationalist leader, met North Korean officials Monday and told them he was a keen student of Korean socialism, the official press agency KCNA, reported.

Mr. Zhirinovskiy, heading a delegation of his Liberal Democratic Party to the North Korean capital, had talks with officials of the Workers' Party on "issues of mutual concern," the press agency said in a report monitored here.

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Clockwise from upper left, Moschino's flower print dress, in front of a portrait of the designer; Isabella Rossellini in a brocade tuxedo with lace bra by Dolce & Gabbano; glazed stretch jersey skirts with blouses from Istante by Versace; Oliver's Dietrich dress by Valentino; long jacket and asymmetric skirt with shorts by Emporio Armani.

Designers Go to Old Movies

By Suzy Menkes
International Herald Tribune

MILAN — Sophia Loren may have turned 60, but the memory of her voluptuous curves, luscious legs and hands-on waist lingers on. Italian fashion has gone hell for leather for glamour, and the shows are an homage to celluloid style.

"Pinups!" said Donatella Versace to sum up the Veronica

the knee, made sense of a hemline that fashion calls the New Length. Although it sort of worked for stretch dresses, anything that hobbles the knees seems backward looking, and other dresses with short swingy skirts were more liberating.

Since Dolce & Gabbano made their reputation with corset dresses, the many variations on that theme were spirited. But a lot of the long show seemed like reinterpretations of the '40s as viewed in the '70s: narrow trench coats or safari jackets reflecting Helmut Newton's legendary photographs of Yves Saint Laurent collections; or the disco delirium in images by Chris von Wangenheim, a Newton protégé. It was disconcerting to see the Dolce & Gabbano look to the life in Vogue's retrospective of fashion photographs.

The merit of Gianni Versace's showing of secondary lines was that they spoofed film star glamour in a witty way. You had to smile as models pranced out in playsuits printed with flowers or butterflies (prints are hot for the summer season). Feathers fluttered, bosoms bounced in corset tops, hot pants (another '70s revival) were cool again. The Versus line was a cute take on disco dressing, with the kind of rosebud trimmings that once used to about My First Bra.

BACK to the 1940s and '50s was the look at Versace's Istante line, but the designer is smart enough to see that you can update that look with modern fabrics. The show opened and closed with busty blouses, cinched waists and skinny knee-length hemlines à la Loren — but with the skirts made in a glazed stretch jersey to give them a cyberspace spin. The show was sometimes kitsch, mostly commercial, and the simple dresses fluttering to handkerchief point hems were well done.

Armani also made much of the dress, making it short and cute in layered chiffon or butter-soft suede, and in subtle sea-shore colors from aquamarine to seaweed green. Legs in mesh hose, were exposed below fluted hemlines or more awkward

asymmetric miniskirts with matching underpants. A finale of 12 white jackets over the barely-there skirts showed Armani's skill at re-shaping the torso, even adding brassiere seaming, to give a shapely silhouette in the best of taste.

The death last month of Franco Moschino has robbed Italian fashion of its gadfly — a designer who could poke fun at fashion while at the same time making streamlined modern clothes. His spirit lives on in the spring/summer collection dominated by the fresh flower prints he chose for curvaceous dresses with a touch of La Dolce Vita. The bright florals were an homage to the 1960s designer Ken Scott.

"He liked the period and found it elegant in comparison to the vulgarity of now," said Rossella Jardini, Moschino's collaborator and the head of the 21-person design studio, who will continue the business. Also in the Moschino image are his signature jackets, hand-painted or appliquéd with flowers. A black handprint on the back of a white jacket signifies the "clean hands" corruption probe — a characteristically provocative gesture from a designer mourned throughout the fashion world.

Saturday saw a party for Rosita and Tai Missoni, who brought their retrospective of 40 years of colorful and inventive work to Milan, after its July showing in Florence. On Monday, Missoni showed its collection inspired by the siren call of the sea: mixes of Mediterranean blues for the signature patterned knits; easy tunics with pants, or breezy jackets with short fluted skirts. Mermaid dresses in waves of pattern and texture were dressed up with front necklaces or patterned espadrilles.

Monday's other shows were about — don't hold your breath — glamour. It was dispiriting to see Byblos, once a lively fashion

name, running in the wake of a trend for shiny fabrics, glitter sequins, space age silver and little girl dressing. Although shapely pantsuits with flaring trousers made the most grown up part of the collection, Byblos endorsed a strong trend in Milan toward the dress.

What with chandeliers dangling over the runway, poodles in the models' arms and diamond dog collars round their necks, the glamour message was none too subtle at Blumarine, where stylist Anna Molinari always gears up to the current trend. Last season Lolita. This season disco (hot pants and shine) and sophisticated ladies. Pastel knits worn with pleated satin skirts in sweet-pea colors will look quite normal stripped of stilettos, garter belts, seamed hose and all that glam.

BUT if glamour is so seductive, how come no one, even in the fashion industry, is wearing it?

"It's one thing to create an image on the runway — when you do it for life you adapt it," said Isabella Rossellini, who is vamping it up in all the shows, but for the Vogue party chose a simple black georgette dress, worn with low-heeled boots, from Dolce & Gabbano.

It was the same story for Joanna Lumley, star of the British fashion sitcom "Absolutely Fabulous," in which she plays a fashion editor who is a caricature of over-the-top glamour. To watch the feather pomps, shiny stretch skirts, bra tops and hot pants at Versace's Istante show, Lumley wore a plain black dress by Prada under a beige cardigan. But she insists that glamour is good — at least on the screen.

"I love it," she said. "We've done realism. We've studied the cigarette butts on the pavement. What sustains the human spirit is gorgeousness."



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Bankable guarantees to secure funding for viable projects arranged by: **Bank of Asia**
Commission earned only upon funding. Broker's Commission Awarded.
Tel: (63-2) 810-2570 or 812-3429
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This Year 38 Million Hotel Guests In 27 Cities Will Turn To WHERE Magazines For Directions & Advice

WHERE
INTERNATIONAL
ESSENTIAL READING FOR VISITORS SINCE 1936
Budapest: Telephone 36 1 265 3113 Fax: 36 1 118 8916
Costa del Sol: Telephone 34 5 282 2498 Fax: 34 5 282 2498
London: Telephone 44 71 436 5553 Fax: 44 71 436 4507
Paris: Telephone 33 1 44 56 31 96 Fax: 33 1 42 65 49 11
Dublin: Telephone 353 1 631 4752 Fax: 353 1 631 4759
The English-language magazine for affluent tourists

EXCEPTIONAL CLEARANCE SALE
Porcelain and tableware (excluding crystal merchandise)
PRICED BELOW COST
SEPTEMBER 29 - OCTOBER 8
BACCARAT
30 BIS RUE DE PARADIS PARIS 16 - TEL: 40 22 11 12

NEW FALL COLLECTION ESCADA
In Paris
Also, Sales on Summer Collection
Marie-Martine
8, rue de Sèvres, Paris 6th

ngkok...
ness...
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place.

Monday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

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B-C									
12	50	REBT	1.16	40	776	25%	30	100	100
13	27%	REBT	1.16	40	776	25%	30	100	100
14	27%	REBT	1.16	40	776	25%	30	100	100
15	27%	REBT	1.16	40	776	25%	30	100	100
16	27%	REBT	1.16	40	776	25%	30	100	100
17	27%	REBT	1.16	40	776	25%	30	100	100
18	27%	REBT	1.16	40	776	25%	30	100	100
19	27%	REBT	1.16	40	776	25%	30	100	100
20	27%	REBT	1.16	40	776	25%	30	100	100
21	27%	REBT	1.16	40	776	25%	30	100	100
22	27%	REBT	1.16	40	776	25%	30	100	100
23	27%	REBT	1.16	40	776	25%	30	100	100
24	27%	REBT	1.16	40	776	25%	30	100	100
25	27%	REBT	1.16	40	776	25%	30	100	100
26	27%	REBT	1.16	40	776	25%	30	100	100
27	27%	REBT	1.16	40	776	25%	30	100	100
28	27%	REBT	1.16	40	776	25%	30	100	100
29	27%	REBT	1.16	40	776	25%	30	100	100
30	27%	REBT	1.16	40	776	25%	30	100	100
31	27%	REBT	1.16	40	776	25%	30	100	100
32	27%	REBT	1.16	40	776	25%	30	100	100
33	27%	REBT	1.16	40	776	25%	30	100	100
34	27%	REBT	1.16	40	776	25%	30	100	100
35	27%	REBT	1.16	40	776	25%	30	100	100
36	27%	REBT	1.16	40	776	25%	30	100	100
37	27%	REBT	1.16	40	776	25%	30	100	100
38	27%	REBT	1.16	40	776	25%	30	100	100
39	27%	REBT	1.16	40	776	25%	30	100	100
40	27%	REBT	1.16	40	776	25%	30	100	100
41	27%	REBT	1.16	40	776	25%	30	100	100
42	27%	REBT	1.16	40	776	25%	30	100	100
43	27%	REBT	1.16	40	776	25%	30	100	100
44	27%	REBT	1.16	40	776	25%	30	100	100
45	27%	REBT	1.16	40	776	25%	30	100	100
46	27%	REBT	1.16	40	776	25%	30	100	100
47	27%	REBT	1.16	40	776	25%	30	100	100
48	27%	REBT	1.16	40	776	25%	30	100	100
49	27%	REBT	1.16	40	776	25%	30	100	100
50	27%	REBT	1.16	40	776	25%	30	100	100
51	27%	REBT	1.16	40	776	25%	30	100	100
52	27%	REBT	1.16	40	776	25%	30	100	100
53	27%	REBT	1.16	40	776	25%	30	100	100
54	27%	REBT	1.16	40	776	25%	30	100	100
55	27%	REBT	1.16	40	776	25%	30	100	100
56									

[illegible][illegible][illegible]

1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100

13 Month	High	Low	Stock	Div	Yld	P/E	52 Wk	High	Low	Latest	Original
29	29	28	Italy SA	.72	3.2	20	254	262	242	242	242
30	30	29	Kennecott				254	262	242	242	242
31	31	30	Kennecott				254	262	242	242	242
32	32	31	Kennecott				254	262	242	242	242
33	33	32	Kennecott				254	262	242	242	242
34	34	33	Kennecott				254	262	242	242	242
35	35	34	Kennecott				254	262	242	242	242
36	36	35	Kennecott				254	262	242	242	242
37	37	36	Kennecott				254	262	242	242	242
38	38	37	Kennecott				254	262	242	242	242
39	39	38	Kennecott				254	262	242	242	242
40	40	39	Kennecott				254	262	242	242	242
41	41	40	Kennecott				254	262	242	242	242
42	42	41	Kennecott				254	262	242	242	242
43	43	42	Kennecott				254	262	242	242	242
44	44	43	Kennecott				254	262	242	242	242
45	45	44	Kennecott				254	262	242	242	242
46	46	45	Kennecott				254	262	242	242	242
47	47	46	Kennecott				254	262	242	242	242
48	48	47	Kennecott				254	262	242	242	242
49	49	48	Kennecott				254	262	242	242	242
50	50	49	Kennecott				254	262	242	242	242
51	51	50	Kennecott				254	262	242	242	242
52	52	51	Kennecott				254	262	242	242	242
53	53	52	Kennecott				254	262	242	242	242
54	54	53	Kennecott				254	262	242	242	242
55	55	54	Kennecott				254	262	242	242	242
56	56	55	Kennecott				254	262	242	242	242
57	57	56	Kennecott				254	262	242	242	242
58	58	57	Kennecott				254	262	242	242	242
59	59	58	Kennecott				254	262	242	242	242
60	60	59	Kennecott				254	262	242	242	242
61	61	60	Kennecott				254	262	242	242	242
62	62	61	Kennecott				254	262	242	242	242
63	63	62	Kennecott				254	262	242	242	242
64	64	63	Kennecott				254	262	242	242	242
65	65	64	Kennecott				254	262	242	242	242
66	66	65	Kennecott				254	262	242	242	242
67	67	66	Kennecott				254	262	242	242	242
68	68	67	Kennecott				254	262	242	242	242
69	69	68	Kennecott				254	262	242	242	242
70	70	69	Kennecott				254	262	242	242	242
71	71	70	Kennecott				254	262	242	242	242
72	72	71	Kennecott				254	262	242	242	242
73	73	72	Kennecott				254	262	242	242	242
74	74	73	Kennecott				254	262	242	242	242
75	75	74	Kennecott				254	262	242	242	242
76	76	75	Kennecott				254	262	242	242	242
77	77	76	Kennecott				254	262	242	242	242
78	78	77	Kennecott				254	262	242	242	242
79	79	78	Kennecott				254	262	242	242	242
80	80	79	Kennecott				254	262	242	242	242
81	81	80	Kennecott				254	262	242	242	242
82	82	81	Kennecott				254	262	242	242	242
83	83	82	Kennecott				254	262	242	242	242
84	84	83	Kennecott				254	262	242	242	242
85	85	84	Kennecott				254	262	242	242	242
86	86	85	Kennecott				254	262	242	242	242
87	87	86	Kennecott				254	262	242	242	242
88	88	87	Kennecott				254	262	242	242	242
89	89	88	Kennecott				254	262	242	242	242
90	90	89	Kennecott				254	262	242	242	242
91	91	90	Kennecott				254	262	242	242	242
92	92	91	Kennecott				254	262	242	242	242
93	93	92	Kennecott				254	262	242	242	242
94	94	93	Kennecott				254	262	242	242	242
95	95	94	Kennecott				254	262	242	242	242
96	96	95	Kennecott				254	262	242	242	242
97	97	96	Kennecott				254	262	242	242	242
98	98	97	Kennecott				254	262	242	242	242
99	99	98	Kennecott				254	262	242	242	242
100	100	99	Kennecott				254	262	242	242	242

[illegible][illegible][illegible]

Month	High	Low	Stock	Dr	Yd	Per	St	High	Low	Stock	Dr	Yd	Per	St
2011	174	174	Common				100	174	174	Common				100
2012	174	174	Common				100	174	174	Common				100
2013	174	174	Common				100	174	174	Common				100
2014	174	174	Common				100	174	174	Common				100
2015	174	174	Common				100	174	174	Common				100
2016	174	174	Common				100	174	174	Common				100
2017	174	174	Common				100	174	174	Common				100
2018	174	174	Common				100	174	174	Common				100
2019	174	174	Common				100	174	174	Common				100
2020	174	174	Common				100	174	174	Common				100
2021	174	174	Common				100	174	174	Common				100
2022	174	174	Common				100	174	174	Common				100
2023	174	174	Common				100	174	174	Common				100
2024	174	174	Common				100	174	174	Common				100
2025	174	174	Common				100	174	174	Common				100
2026	174	174	Common				100	174	174	Common				100
2027	174	174	Common				100	174	174	Common				100
2028	174	174	Common				100	174	174	Common				100
2029	174	174	Common				100	174	174	Common				100
2030	174	174	Common				100	174	174	Common				100
2031	174	174	Common				100	174	174	Common				100
2032	174	174	Common				100	174	174	Common				100
2033	174	174	Common				100	174	174	Common				100
2034	174	174	Common				100	174	174	Common				100
2035	174	174	Common				100	174	174	Common				100
2036	174	174	Common				100	174	174	Common				100
2037	174	174	Common				100	174	174	Common				100
2038	174	174	Common				100	174	174	Common				100
2039	174	174	Common				100	174	174	Common				100
2040	174	174	Common				100	174	174	Common				100
2041	174	174	Common				100	174	174	Common				100
2042	174	174	Common				100	174	174	Common				100
2043	174	174	Common				100	174	174	Common				100
2044	174	174	Common				100	174	174	Common				100
2045	174	174	Common				100	174	174	Common				100
2046	174	174	Common				100	174	174	Common				100
2047	174	174	Common				100	174	174	Common				100
2048	174	174	Common				100	174	174	Common				100
2049	174	174	Common				100	174	174	Common				100
2050	174	174	Common				100	174	174	Common				100
2051	174	174	Common				100	174	174	Common				100
2052	174	174	Common				100	174	174	Common				100
2053	174	174	Common				100	174	174	Common				100
2054	174	174	Common				100	174	174	Common				100
2055	174	174	Common				100	174	174	Common				100
2056	174	174	Common				100	174	174	Common				100
2057	174	174	Common				100	174	174	Common				100
2058	174	174	Common				100	174	174	Common				100
2059	174	174	Common				100	174	174	Common				100
2060	174	174	Common				100	174	174	Common				100
2061	174	174	Common				100	174	174	Common				100
2062	174	174	Common				100	174	174	Common				100
2063	174	174	Common				100	174	174	Common				100
2064	174	174	Common				100	174	174	Common				100
2065	174	174	Common				100	174	174	Common				100
2066	174	174	Common				100	174	174	Common				100
2067	174	174	Common				100	174	174	Common				100
2068	174	174	Common				100	174	174	Common				100
2069	174	174	Common				100	174	174	Common				100
2070	174	174	Common				100	174	174	Common				100
2071	174	174	Common				100	174	174	Common				100
2072	174	174	Common				100	174	174	Common				100
2073	174	174	Common				100	174	174	Common				100
2074	174	174	Common				100	174	174	Common				100
2075	174	174	Common				100	174	174	Common				100
2076	174	174	Common				100	174	174	Common				100
2077	174	174	Common				100	174	174	Common				100
2078	174	174	Common				100	174	174	Common				100
2079	174	174	Common				100	174	174	Common				100
2080	174	174	Common				100	174	174	Common				100
2081	174	174	Common				100	174	174	Common				100
2082	174	174	Common				100	174	174	Common				100
2083	174	174	Common				100	174	174	Common				100
2084	174	174	Common				100	174	174	Common				100
2085	174	174	Common				100	174	174	Common				100
2086	174	174	Common				100	174	174	Common				100
2087	174	174	Common				100	174	174	Common				100
2088	174	174	Common				100	174	174	Common				100
2089	174	174	Common				100	174	174	Common				100
2090	174	174	Common				100	174	174	Common				100
2091	174	174	Common				100	174	174	Common				100
2092	174	174	Common				100	174	174	Common				100
2093	174	174	Common				100	174	174	Common				100
2094	174	174	Common				100	174	174	Common				100
2095	174	174	Common				100	174	174	Common				100
2096	174	174	Common				100	174	174	Common				100
2097	174	174	Common				100	174	174	Common				100
2098	174	174	Common				100	174	174	Common				100
2099	174	174	Common				100	174	174	Common				100
2100	174	174	Common				100	174	174	Common				100
2101	174	174	Common				100	174	174	Common				100
2102	174	174	Common				100	174	174	Common				100
2103	174	174	Common				100	174	174	Common				100
2104	174	174	Common				100	174	174	Common				100
2105	174	174	Common				100	174	174	Common				100
2106	174	174	Common				100	174	174	Common				100
2107	174	174	Common				100	174	174	Common				100
2108	174	174	Common				100	174	174	Common				100
2109	174	174	Common				100	174	174	Common				100
2110	174	174	Common				100	174	174	Common				100
2111	174	174	Common				100	174	174	Common				100
2112	174	174	Common				100	174	174	Common				100
2113	174	174	Common				100	174	174	Common				100
2114	174	174	Common				100	174	174	Common				100
2115	174	174	Common				100	174	174	Common				100
2116	174	174	Common				100	174	174	Common				100
2117	174	174	Common				100	174	174	Common				100
2118	174	174	Common				100	174	174	Common				100
2119	174	174	Common				100	174	174	Common				100
2120	174	174	Common				100	174	174	Common				100
2121	174	174	Common				100	174	174	Common				100
2122	174	174	Common				100	174	174	Common				100
2123	174	174	Common				100	174	174	Common				100
2124	174	174	Common				100	174	174	Common				100
2125	174	174	Common				100	174	174	Common				100
2126	174	174	Common				100	174	174	Common				100
2127	174	174	Common				100	174	174	Common				100
2128	174	174	Common				100	174	174	Common				100
2129	174	174	Common				100	174	174	Common				100
2130	174	174	Common				100	174	174	Common				100
2131	174	174	Common				100	174	174	Common				100
2132	174	174	Common				100	174	174	Common				100
2133	174	174	Common				100	174	174	Common				100
2134	174	174	Common				100	174	174	Common				100
2135	174	174	Common				100	174	174	Common				100
2136	174	174	Common				100	174	174	Common				100
2137	174	174	Common				100	174	1					

1174	Vernon	1.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.
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Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

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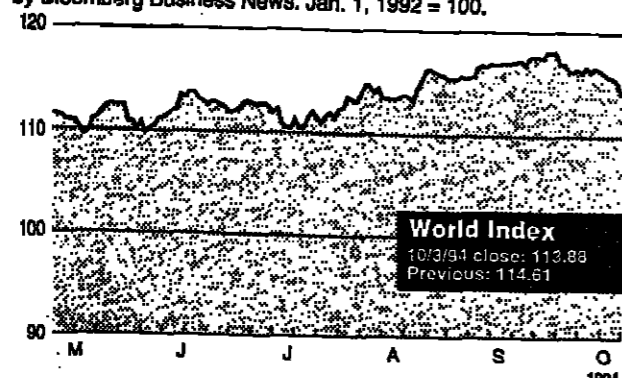
Don't Blame

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CUI



THE TRIB INDEX: 113.88
International Herald Tribune World Stock Index, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



World Index
10/3/94 close: 113.88
Previous: 114.61

Approx. weighting: 32%
Close: 127.02 Prev.: 127.76

Approx. weighting: 37%
Close: 112.84 Prev.: 113.90

Approx. weighting: 29%
Close: 95.10 Prev.: 95.41

Approx. weighting: 5%
Close: 148.08 Prev.: 151.08

Approx. weighting: 29%
Close: 113.88 Prev.: 114.61

Approx. weighting: 5%
Close: 148.08 Prev.: 151.08

Approx. weighting: 29%
Close: 113.88 Prev.: 114.61

Approx. weighting: 5%
Close: 148.08 Prev.: 151.08

Approx. weighting: 29%
Close: 113.88 Prev.: 114.61

Approx. weighting: 5%
Close: 148.08 Prev.: 151.08

Approx. weighting: 29%
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Approx. weighting: 5%
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Japan Spurns Talks

Sanctions Threat Scars Trade Pact

Compiled by Our Staff From Dispatches

TOKYO — Japan said Monday it would refuse to return to trade talks with the United States while it remains under the threat of U.S. sanctions on imported Japanese auto parts.

"We won't hold talks as long as the United States threatens to impose sanctions under the 301 trade law," said Nobuo Ishihara, vice cabinet secretary.

"That's something the United States is doing unilaterally," he said. "In those conditions, we can't resume negotiations."

Separately, Prime Minister Tomiichi Murayama of Japan said: "We expect to need a long time to discuss the matter. We need a cooling-off period."

Trade Minister Ryutaro Hashimoto echoed Mr. Murayama's remarks when he met business leaders from the Japan Federation of Economic Organizations, the nation's largest business group.

Mr. Hashimoto said Japan could not bridge the gap in the auto part negotiations because Japan had no intention of accepting a U.S. demand for purchase plans. "A certain period of cooling-off time is necessary," he said.

Mr. Hashimoto, who along with Foreign Minister Yohei Kono led the Japanese delegation to Washington, added: "No easy conclusion can be expected for a while, as we have a fundamental gap."

During the weekend talks, Japan and the United States reached broad agreement on insurance, government procurement and flat glass markets, but failed to settle the issue of autos and auto parts — a key sector that accounts for 60 percent of Tokyo's \$60 billion trade surplus with Washington.

(AFP, Reuters)

A Sound Technology War

Disks Battle Tapes for Market Share

By Steven Brull

International Herald Tribune

TOKYO — Young people, whose tastes will make or break the next generation of digital audio, are quite clear about two things: Disks are preferable to tapes, and reliability and random access are more important than price.

Two years ago, when Sony Corp. unveiled the MiniDisc and Philips Electronics NV and Matsushita Electric Industrial Co. rolled out Digital Compact Cassette, it was a toss-up which technology would win.

MiniDisc, which uses an optical disk much smaller than a compact disk, boasted an ability to record at near compact-disk-quality levels, the convenience of random access and the reliability of disks.

Digital Compact Cassette allowed users to make full-fledged compact-disk-quality recordings on digital tapes. Equally important, it maintained compatibility with compact cassettes — the biggest existing format. Its hardware and blank software were also slightly cheaper than MiniDisc.

But while Digital Compact Cassette is stronger in Europe, and MiniDisc shines in Japan and North America, global sales of MiniDisc are likely to approach 900,000 units this year. The amount is at least double, and possibly several times, that for Digital Compact Cassette. And next year, the gap is certain to grow even larger as MiniDisc sales accelerate and Digital Compact Cassette growth remains constant, at best.

The divergent success of the two formats is in part a reflection of differing marketing strategies and regional economic growth. But

it's clear that the main reason is simply that disks are in and tapes are on the way out.

"The younger generation that is doing most of the buying finds more appeal in the CD than tape, so there's more interest in the MiniDisc," said Jeffrey Camp, an industry analyst at Jardine Fleming Securities.

While the battle is still in its early days, there is growing possibility that Digital Compact Cassette may join the list of consumer audio duos that include the eight-track cartridge cassette, quadraphonic sound and the ill-fated digital audio tape player of the mid-1980s.

The preference for MiniDisc is particularly strong in Japan and North America, a reflection of the market penetration of compact disks. In most European countries, though, cassette tape has a greater market presence — mostly because of the efforts of Philips, the Dutch consumer electronics giant, which holds the patent on the music carrier. That, in turn, is a major reason why Philips is pushing Digital Compact Cassette.

"Digital Compact Cassette is like going back to the '50s or '60s," said David Benda, an analyst at Barclays de Zoete Wedd. "Philips is trying to protect something which is dying. Give it a few years, and it will die a natural death."

MiniDisc's success also has a lot to do with a marketing strategy that stresses the format's features and makes its magneto-optical technology as transparent as possible.

Digital Compact Cassette's approach, in contrast, has focused on audio quality and its compatibility with analog cassettes.

Sony's strategy centers on educating poten-

See SOUND, Page 13

U.S. Data Send Chill to Markets Across Europe

Compiled by Our Staff From Dispatches

LONDON — Stocks

plunged across Europe on Monday, sending many leading indexes toward their lows for the year, amid concerns about rapid U.S. economic growth and falling government bonds.

Leading stock averages fell more than 2 percent in Italy and 1 percent in Britain, France, Spain, and Switzerland. German markets were closed for the Unification Day holiday.

"It's difficult to see any upside," said Andrew Bell, European strategist for BZW Global Economics. "There's a risk of further general crumbling in equity prices."

Government bonds fell and their yields rose in line with the rise in yields of the benchmark 30-year U.S. Treasury bond after the National Association of Purchasing Management said its purchasing managers' index rose to 58.2 in September from 56.2 in August. The index of economic activity in the United States had been widely forecast to rise to 57.

"The numbers were a disaster," a Treasury bond trader at the Chicago Board of Trade said of the report.

British stocks were among the worst performers of the day, led by a 15 percent plunge in shares of S.G. Warburg Group PLC after the investment bank said turmoil in financial markets would cause first-half pre-tax profit to fall by as much as 63 percent.

The FT-SE 100 Index of leading British shares declined 42.8 points, to 2,983.5, its lowest since July 13.

Italian and Spanish stocks plunged amid speculation that German rates would increase, leading to higher rates in those countries and making it more expensive for their governments to pay off the massive debts they carry.

The Italian Mibtel Index fell 252 points, to 10,585, while the Spanish Iboex fell 50.66 points, to 3,125.97, led by a sharp decline in shares of the

See MARKETS, Page 13

U.S. Purchasers Say Prices Are Rising

Compiled by Our Staff From Dispatches

NEW YORK — Manu-

facturing in the United States raced ahead in September, but higher materials prices suggest that inflation at the producer level is rising, according to a survey by the National Association of Purchasing Management released Monday.

The association said its index of factory activity rose to 58.2 in September from 56.2 in August, while its index of prices paid jumped to 77.1 — the highest since August 1988 — from 74.5 in August.

The data could spark the

Federal Reserve Board to raise interest rates soon to slow the economy and rein in inflation.

"The economy is growing," said Sam Kahan, chief economist at Fuji Securities in Chicago. "A Fed tightening is becoming etched in stone."

The survey showed manufacturing activity accelerating more quickly than many analysts had expected. David Wyss, an economist at DRI/McGraw-Hill in Lexington, Massachusetts, said the data reflected strong demand for cars, computers and home appliances.

The purchasing managers association, based in Tempe, Arizona, surveys managers at more than 300 U.S. industries. An

index reading in the survey above 50 indicates an expansion of activity at U.S. factories, while a reading below 50 indicates a decline.

The data are widely followed by economists and the financial markets.

"It's bad news on the inflation front, obviously," said Mike Niemira, manager of economic research at Mitsubishi Bank.

The report's indication of strong growth accompanied by rising prices sent the price of the benchmark 30-year Treasury bond down 12 1/2 points, to 95 11/32, and the yield up to 7.85 percent from 7.81 percent Friday. Inflation erodes the value of fixed-income securities.

Purchasing executives continue to identify the increase in

move as soon as Friday to combat inflation with higher rates. That is when the Labor Department is scheduled to release employment data for September.

A gain of a quarter-million or more new jobs could push the Fed into action, especially in concert with purchasers' data, analysts said.

They pointed out that while the association's prices paid index did not measure the magnitude of the price increases, it showed more businesses were paying higher costs for raw materials. Eventually, higher factory costs could be passed on to consumers.

Purchasing executives continue to identify the increase in

See GROWTH, Page 12

Blacks Invest With PepsiCo In South Africa

Compiled by Our Staff From Dispatches

PURCHASE, New York —

PepsiCo Inc. said Monday it had gathered a group of prominent black investors, including the actor Danny Glover and the basketball player Shaquille O'Neal, to invest \$15 million in its new South African bottling venture.

The announcement coincided with a visit by President Nelson Mandela of South Africa to the United States. Mr. Mandela is seeking to encourage investment in his country.

In June, Pepsi said it would invest \$100 million over three years through New Age Beverages. New Age is 75 percent-owned by Egoli Beverages LP, with Pepsi owning the rest.

The celebrity investment group is putting \$15 million into Egoli. Besides Mr. Glover and Mr. O'Neal, who appears in Pepsi advertisements, the group includes two New York politicians: Percy Sutton, a former borough president of Manhattan, and Charles Johnson, a former state legislator. The singer Whitney Houston and Motown Records Co. also are investing.

"It is important we take an opportunity to open our checkbooks and put our money where our mouth is," Mr. Glover said.

Coca-Cola Co., Pepsi's main rival, has about 90 percent of South Africa's cola market. Pepsi said it withdrew from the country in 1985, responding to international sanctions.

(Bloomberg, AFP)

Thinking Ahead / Commentary

Don't Blame Trade for Lower Wages

By Reginald Dale

International Herald Tribune

WASHINGTON — Maybe Karl Marx had a point after all. Perhaps just one prediction widely ascribed to him — that capitalism would ultimately depress the wages of the proletariat — is about to come true.

The culprit, according to some economists, is that eminently capitalist concept, free trade. They argue that growing competition with low-wage developing countries will drag down wages in the industrial world — particularly those of unskilled workers.

Not so, say Jagdish Bhagwati and Vivek H. Dehejia of Columbia University in a book called "Trade and Wages" just published by the American Enterprise Institute in Washington.

They argue, almost certainly correctly, that technical progress — especially the widespread use of computers — has depressed unskilled wages far more than trade is ever likely to.

But many people still have a gut feeling that trade is to blame — for low wages in the United States and for high unemployment in Europe. Those fears are being exploited by American opponents of the Uruguay Round trade package, now before Congress — just as they were by opponents of the North American Free Trade Agreement a year ago.

There is a magnificent irony to all this, as Mr. Bhagwati and Mr. Dehejia point out. During the 1950s and 1960s, many countries in the developing South saw

trade with the developed North as a threat, fearing that without protection they could never industrialize.

Since the 1980s, however, "there have been fearful voices in the North, dredging trade with the poor South as a recipe for descent into the wages and working conditions of these impoverished nations,"

Even if wages converged around the world, it would not necessarily mean a 'race to the bottom.'

Some of the arguments now being deployed on this front in the United States are polemical to the point of hysteria: They ignore the evident fact that developing and developed countries usually benefit from mutual trade.

Initial reports suggest that NAFTA has led to a boom in trade between the United States and Mexico that is advantageous to both countries. There is no evidence that it is depressing American wages.

But one economic theory — known by the unappetizing name of factor price equalization — contends that trade with poor countries with plentiful unskilled labor reduces wages of less skilled workers in rich countries.

Advocates of the theory point to the

United States, where relative wages of less skilled workers declined in the 1970s and 1980s, coincidental with a steady increase in the U.S. trade deficit.

Mr. Bhagwati and Mr. Dehejia say the assumptions underlying the theory are simply wrong — that the theory fails to take account of the uneven spread of technology and know-how around the world, the effects of economies of scale and different mixes of capital and labor in producing the same product.

If the theory were true, they say, prices of American goods produced by low-skilled labor that compete with imports would be declining, whereas in fact they are rising.

Even if wages converged around the world, it would not necessarily mean a "race to the bottom," as some protectionists maintain. There have been huge wage increases in many countries that started out as low-wage competitors to the West. Japan is only the most obvious example.

Of course, companies will continue to move to low-wage regions for some production functions. Heightened world-wide competition has certainly helped to restrain wages in industrial countries. But low wages are less and less a factor in modern production techniques and investment planning.

Unfounded fears of a "race to the bottom" are no reason to restrict free trade, which is more likely to raise wages all around. The best way to ensure Karl Marx's prophecy comes true would be for the capitalists he despised to embrace protectionism — as they did in the 1930s.

U.S. Unions Discover Less Is More

By Frank Swoboda

Washington Post Service

WASHINGTON — Years of contraction in the unionized work force at U.S. manufacturing companies have created a paradox in labor-management relations: The more unions shrink, the stronger they may be getting.

"We are seeing the end of the docile decade," a top corporate executive said Friday, referring to the 1980s, when unions stood by powerless as company after company reduced its work force to restore profits and boost productivity.

Settlement of a three-day strike against General Motors Corp.'s "Buick City" complex by the United Auto Workers union Friday underscores some of that emerging new way. The strike, which focused on GM's rights to hire temporary workers, appears to have ended on terms favorable to the union.

On the eve of the 1980s, 24,000 UAW members were working at Buick City. As GM now consolidates its operations nationwide, there are only 11,000 union members left.

But in the intervening years, GM, like many other U.S. manufacturers, has undergone a major restructuring, reducing its number of suppliers and adopting Japanese-style just-in-time parts delivery to its assembly plants.

The result has made GM much more vulnerable to the demands of the union at key operations such as Buick City or Anderson, Indiana, where a brief UAW walkout last summer threatened to shut GM's entire assembly operations.

In the old days, assembly plants had a large supply of parts on hand and GM often manufactured a single model at several plants. It could take weeks or months for a strike at a

plant making parts to curtail assembly of the final product.

Retired UAW President Douglas Fraser said the shift in U.S. manufacturing practices

MARKET DIARY

Shares Close Mixed
As Tech Shares Slip

Bloomberg Business News
NEW YORK — U.S. stocks closed mixed on Monday after a report showing strong manufacturing activity in September had bolstered expectations that the Federal Reserve soon would raise interest rates to cool inflation.

Semiconductors paced the retreat after a profit warning from Advanced Micro Devices,

a computer chip maker whose stock was the most actively traded during the session.

"We've had the view the economy is too strong for the Fed and this report confirms that view," said Jeffrey Applegate, chief investment strategist at CS First Boston Corp.

Stocks did not post greater falls because the strength in factory output bodes well for manufacturer earnings and shares, traders said.

That expectation helped the Dow Jones Industrial Average overcome early losses and close up 3.70 points at 3,846.89, led by Alcoa and Goodyear.

The average rose as much as 8.74 initially, then fell as much as 17.16 before computer-guided buy orders restored prices.

Two stocks fell for every one that rose on the New York Stock Exchange. Trading was moderate, with 269.13 million shares changing hands on Monday compared with 291.93 million shares on Friday.

Alcoa climbed 1 1/2 to 85 1/2 and Goodyear climbed 1 1/2 to 34 1/2, boosted by the report on economic growth. "People are thinking the deeper cyclical companies are going to report impressive earnings."

The Nasdaq composite index, led by Intel Corp., declined 3.51 points to 760.91. Intel dropped 1/4 to 60 1/4 and Advanced Micro Devices stumbled 3/4 to 26 1/2 after AMD told analysts that price cuts on microprocessors could hurt fourth-quarter earnings.

CareNetwork Inc. soared 13 1/2 to 24 after Humana offered to acquire the parent company of Wisconsin Health Organization Insurance Corp. for \$123 million.

Healthshare jumped 1 1/2 to 37. The health maintenance organization was rated above average for the intermediate term and a long-term buy by Merrill Lynch.

Oxford Health Plans rose 1 1/2 to 78 1/2. New York state insurance regulators granted the company's requested 8 percent average rate increase on some contracts.

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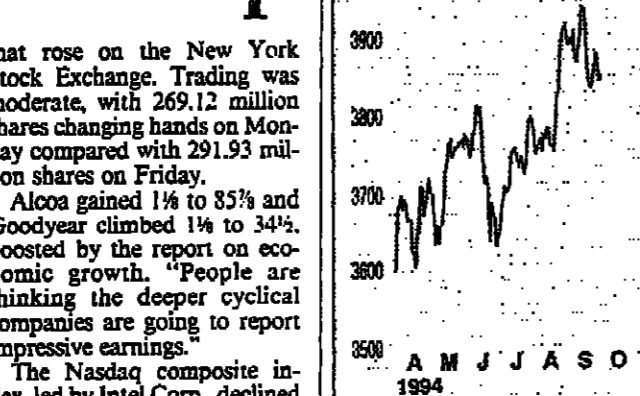
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The Dow
Daily closings of the
Dow Jones Industrial average
4000

NYSE Most Active

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,045,000	110 1/4	109 3/4	110 1/4	+1/4
Microsoft	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
Intel	1,045,000	60 1/4	59 3/4	60 1/4	+1/4
Oracle	1,045,000	48 1/4	47 3/4	48 1/4	+1/4
Cisco	1,045,000	38 1/4	37 3/4	38 1/4	+1/4
Alcatel	1,045,000	28 1/4	27 3/4	28 1/4	+1/4
Lucent	1,045,000	18 1/4	17 3/4	18 1/4	+1/4
WorldCom	1,045,000	8 1/4	7 3/4	8 1/4	+1/4
Sprint	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

NASDAQ Most Active

Symbol	Vol.	High	Low	Last	Chg.
Intel	1,045,000	60 1/4	59 3/4	60 1/4	+1/4
Microsoft	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
Oracle	1,045,000	48 1/4	47 3/4	48 1/4	+1/4
Cisco	1,045,000	38 1/4	37 3/4	38 1/4	+1/4
Alcatel	1,045,000	28 1/4	27 3/4	28 1/4	+1/4
Lucent	1,045,000	18 1/4	17 3/4	18 1/4	+1/4
WorldCom	1,045,000	8 1/4	7 3/4	8 1/4	+1/4
Sprint	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

AMEX Most Active

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,045,000	110 1/4	109 3/4	110 1/4	+1/4
Microsoft	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
Intel	1,045,000	60 1/4	59 3/4	60 1/4	+1/4
Oracle	1,045,000	48 1/4	47 3/4	48 1/4	+1/4
Cisco	1,045,000	38 1/4	37 3/4	38 1/4	+1/4
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WorldCom	1,045,000	8 1/4	7 3/4	8 1/4	+1/4
Sprint	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

Market Sales

Market	Vol.	High	Low	Last	Chg.
NYSE	1,045,000	110 1/4	109 3/4	110 1/4	+1/4
NASDAQ	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
AMEX	1,045,000	60 1/4	59 3/4	60 1/4	+1/4
London	1,045,000	48 1/4	47 3/4	48 1/4	+1/4
Paris	1,045,000	38 1/4	37 3/4	38 1/4	+1/4
Frankfurt	1,045,000	28 1/4	27 3/4	28 1/4	+1/4
Stockholm	1,045,000	18 1/4	17 3/4	18 1/4	+1/4
Oslo	1,045,000	8 1/4	7 3/4	8 1/4	+1/4
Copenhagen	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Stockholm	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

Continued from Page 11

materials prices as a major concern," said Ralph Kauffman, chairman of the purchasing association's survey committee.

For now, most companies are encountering stiff competition at home and abroad and are hesitant to raise consumer prices, Mr. Kauffman said.

While higher U.S. interest rates are designed to blunt higher prices, critics say they also could slow the economy too much. Some point to government data, also released Monday, showing a 0.2 percent drop in construction spending in August.

The drop in construction spending was the first since February, and analysts said it provided evidence that higher interest rates had already started to slow the housing industry.

The rate on 30-year fixed-rate mortgages averaged 8.51 percent in August, up from the 6.97 percent average rate in early February when the Fed started raising interest rates.

(Bloomberg AP)

■ Dollar Bucks Bond Drop

The dollar was able to withstand pressure from a struggling bond market to finish in New York slightly higher against major currencies, news agencies reported.

The partial trade agreement reached over the weekend between the United States and Japan kept a floor under the U.S. currency, traders said.

The agreement convinced some currency traders that the U.S. government would not, at least for now, resume calls for a stronger yen to curb the Japan's trade surplus with the United States.

The dollar edged up to 1.5540 DM Friday, to 99.55 yen from 99.16 yen, to 2.9025 French francs from 2.9205 and to 1.2930 Swiss francs from 1.2859. The pound slipped to \$1.5790 from \$1.5800.

(Bloomberg APX)

Dow Jones Averages

Open	High	Low	Close	Chg.
1000	3857.25	3833.36	3846.89	+3.70
Trans	149.82	149.00	149.00	-0.05
Comp	129.84	128.51	128.51	-1.43

Standard & Poor's Indexes

	High	Low	Close	Ch'ge
Industrials	348.88	343.40	347.77	-0.41
Transp.	361.04	358.42	359.61	-0.58
Utilities	152.50	151.01	151.41	-1.09
Finance	43.74	42.82	42.80	-0.29
SP 500	443.31	440.33	441.74	-0.95
SP 100	429.06	425.55	427.13	-0.99

NYSE Indexes

	High	Low	Last	Chg.
Composite	754.74	754.35	754.97	-0.99
Industrials	320.95	319.73	320.32	-0.31
Transport	231.96	230.67	231.51	-0.45
Utilities	285.27	283.46	283.92	-1.34
Finance	206.27	204.86	204.98	-1.04

NASDAQ Indexes

	High	Low	Last	Chg.
Composite	761.36	760.78	761.20	-3.00
Industrials	776.58	773.25	773.97	-3.50
Banks	772.10	767.24	767.24	-4.70
Insurance	942.65	939.65	942.65	-1.14
Finance	937.95	931.41	931.78	-6.42
Transp.	708.45	705.58	706.56	-2.84

AMEX Stock Index

High	Low	Last	Chg.
459.00	457.46	458.46	-0.35

Dow Jones Bond Averages

Dow Jones Bond Averages

Open	High	Low	Close	Chg.
1000	100.00	99.99	99.99	-0.01
Trans	100.00	99.99	99.99	-0.01
Comp	100.00	99.99	99.99	-0.01

NYSE Diary

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,045,000	110 1/4	109 3/4	110 1/4	+1/4
Microsoft	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
Intel	1,045,000	60 1/4	59 3/4	60 1/4	+1/4
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Sprint	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

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Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

Spot Commodities

Commodity	Today	Prev.
Crude oil	22.72	22.72
Gold	380.00	380.00
Silver	16.00	16.00
Copper	1.50	1.50
Aluminum	0.50	0.50
Zinc	0.50	0.50

Industrials

Symbol	Vol.	High	Low	Last	Chg.
IBM	1,045,000	110 1/4	109 3/4	110 1/4	+1/4
Microsoft	1,045,000	54 1/4	53 3/4	54 1/4	+1/4
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Sprint	1,045,000	3 1/4	3 3/4	3 1/4	+1/4
Verizon	1,045,000	1 1/4	1 3/4	1 1/4	+1/4

U.S. FUTURES

that Sweden will be able to meet the Maastricht criteria that sets forth the goals of government deficits totaling no more than 3 percent of GDP and total gov-

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ॐ नमो भगवते वासुदेवाय ।
 श्रीकृष्णार्जुनसंवादे ॥ अथ कुरुक्षेत्रे
 युद्धमासीत् ॥ तदा द्रुपद उवाच ॥
 ॐ नमोऽस्तु ते महर्षि ॥ इति श्रीमद्भगवद्गीता
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Year	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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一、關於我國經濟建設之方針：我國經濟建設之方針，應以發展生產力為第一要義。在生產力發展之基礎上，應實行社會主義之分配制度，以達到社會公平之目的。

二、關於我國經濟建設之步驟：我國經濟建設之步驟，應分為三個階段：第一階段為發展農業，第二階段為發展工業，第三階段為發展商業。

三、關於我國經濟建設之政策：我國經濟建設之政策，應以發展生產力為第一要義。在生產力發展之基礎上，應實行社會主義之分配制度，以達到社會公平之目的。

四、關於我國經濟建設之組織：我國經濟建設之組織，應以發展生產力為第一要義。在生產力發展之基礎上，應實行社會主義之分配制度，以達到社會公平之目的。

五、關於我國經濟建設之實施：我國經濟建設之實施，應以發展生產力為第一要義。在生產力發展之基礎上，應實行社會主義之分配制度，以達到社會公平之目的。

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[The page contains dense handwritten text in Devanagari script, which is mostly illegible due to blurring.]

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DATE	DESCRIPTION	AMOUNT	BALANCE
1950-1-1	Balance		100.00
1950-1-15	Deposited	50.00	150.00
1950-2-1	Withdrawal	25.00	125.00
1950-2-15	Deposited	75.00	200.00
1950-3-1	Withdrawal	100.00	100.00
1950-3-15	Deposited	50.00	150.00
1950-4-1	Withdrawal	75.00	75.00
1950-4-15	Deposited	25.00	100.00
1950-5-1	Withdrawal	50.00	50.00
1950-5-15	Deposited	25.00	75.00
1950-6-1	Withdrawal	75.00	0.00
1950-6-15	Deposited	50.00	50.00
1950-7-1	Withdrawal	25.00	25.00
1950-7-15	Deposited	75.00	100.00
1950-8-1	Withdrawal	50.00	50.00
1950-8-15	Deposited	25.00	75.00
1950-9-1	Withdrawal	75.00	0.00
1950-9-15	Deposited	50.00	50.00
1950-10-1	Withdrawal	25.00	25.00
1950-10-15	Deposited	75.00	100.00
1950-11-1	Withdrawal	50.00	50.00
1950-11-15	Deposited	25.00	75.00
1950-12-1	Withdrawal	75.00	0.00
1950-12-15	Deposited	50.00	50.00
1951-1-1	Withdrawal	25.00	25.00
1951-1-15	Deposited	75.00	100.00
1951-2-1	Withdrawal	50.00	50.00
1951-2-15	Deposited	25.00	75.00
1951-3-1	Withdrawal	75.00	0.00
1951-3-15	Deposited	50.00	50.00
1951-4-1	Withdrawal	25.00	25.00
1951-4-15	Deposited	75.00	100.00
1951-5-1	Withdrawal	50.00	50.00
1951-5-15	Deposited	25.00	75.00
1951-6-1	Withdrawal	75.00	0.00
1951-6-15	Deposited	50.00	50.00
1951-7-1	Withdrawal	25.00	25.00
1951-7-15	Deposited	75.00	100.00
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1952-1-1	Withdrawal	25.00	25.00
1952-1-15	Deposited	75.00	100.00
1952-2-1	Withdrawal	50.00	50.00
1952-2-15	Deposited	25.00	75.00
1952-3-1	Withdrawal	75.00	0.00
1952-3-15	Deposited	50.00	50.00
1952-4-1	Withdrawal	25.00	25.00
1952-4-15	Deposited	75.00	100.00
1952-5-1	Withdrawal	50.00	50.00
1952-5-15	Deposited	25.00	75.00
1952-6-1	Withdrawal	75.00	0.00
1952-6-15	Deposited	50.00	50.00
1952-7-1	Withdrawal	25.00	25.00
1952-7-15	Deposited	75.00	100.00
1952-8-1	Withdrawal	50.00	50.00
1952-8-15	Deposited	25.00	75.00
1952-9-1	Withdrawal	75.00	0.00
1952-9-15	Deposited	50.00	50.00
1952-10-1	Withdrawal	25.00	25.00
1952-10-15	Deposited	75.00	100.00
1952-11-1	Withdrawal	50.00	50.00
1952-11-15	Deposited	25.00	75.00
1952-12-1	Withdrawal	75.00	0.00
1952-12-15	Deposited	50.00	50.00
1953-1-1	Withdrawal	25.00	25.00
1953-1-15	Deposited	75.00	100.00
1953-2-1	Withdrawal	50.00	50.00
1953-2-15	Deposited	25.00	75.00
1953-3-1	Withdrawal	75.00	0.00
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مکتبہ اسلامیہ

Nippon Mortgage Collapses Under Mountain of Debt

Compiled by Our Staff From Dispatches

TOKYO—A medium-sized Japanese financial institution, Nippon Mortgage Co., filed Monday for liquidation in the third biggest business failure in Japanese postwar history, Teikoku Databank Ltd. said.

The private credit research agency said an extraordinary shareholders' meeting of Nippon Mortgage, which had debts of 518.4 billion yen (\$5 billion), had approved the filing with the Tokyo District Court.

The credit agency blamed the failure on Nippon Mortgage's huge nonperforming loans resulting from aggressive lending during the speculative "bubble economy" in the late 1980s. The company's foray into developing golf courses also failed.

In July, the company's main bank, Sumitomo Trust & Banking Co., said Nippon Mortgage intended to go into liquidation with debts of around 473 billion yen. A Sumitomo Trust spokesman said the move would not affect Sumitomo Trust's profit outlook but declined to say how much the bank had lent to Nippon Mortgage.

Analysts said signs that Japan's economy was recovering and stock prices firming had encouraged Japanese banks to scrutinize the health of debt-

laden nonbanks to decide whether to continue support for their restructuring.

"Banks' write-off efforts are shifting from their own actual bad loans to those of subsidiaries and related nonbanks, and they will increasingly write off bad loans, even if the borrower does not liquidate," said Katsuhito Sasajima, a banking analyst at Nikko Research Center.

Some analysts said there were fears that Nippon Mortgage's debt might have been even larger.

Nonbanks include consumer credit, corporate finance, leasing and housing loan concerns. They rely mostly on bank loans to finance their lending because they do not accept deposits.

Some nonbanks, such as Nippon Mortgage, are not closely affiliated to commercial banks. Others, more tightly tied to their main banks, are more likely to get continued financial support for restructuring, financial sources said.

On Friday, for example, Mitsubishi Bank Ltd. said it had provided about 108 billion yen in additional financial support to its nonbank affiliates Diamond Mortgage Co. and Diamond Factors Ltd. in the six months that ended that day.

(Reuters, AFP)

Jakarta Plans Imports To Ease Cement Crisis

JAKARTA—Indonesia will import more cement to ease an acute shortage that has led to soaring domestic prices, a government minister said Monday.

"We will look to import cement from anywhere, from China, Thailand or North Korea. We ask people to be patient because we are taking the right direction," Industry Minister Tungky Ariwibowo said.

Mr. Ariwibowo said the shortage was due to a heavy load of construction projects across the Indonesian archipelago.

He added that cement consumption had risen by 20 percent in the first eight months of the year.

"We predicted only 12 percent growth. You can imagine the shortages," Mr. Ariwibowo said.

He said imports of cement and clinker—hard brick used to make cement—would reach 1.4 million metric tons this year.

"We had predicted imports of 1 million tons, but it was

revised to 1.4 million tons because of the shortage," he said.

Cement prices have raced past government-recommended levels in the past month because of rising demand. Officials and analysts said the price rise could also be due to speculation.

The military has warned it would take firm action against anyone found manipulating cement prices, which have soared in recent weeks, the *Republika* daily newspaper reported.

A spokesman said investigations into the price rise were under way.

Industry officials said cement was being sold in major Indonesian provincial cities for around 7,000 rupiah (\$3) for 30 kilograms (66 pounds) and for around 10,000 rupiah in Jakarta.

Demand is forecast to outstrip supply by 535,000 tons in 1995 and by 1.3 million tons in 1996, a cement company executive said.

Contractors, producers, retailers and government officials are planning to meet this month to discuss measures to keep prices down.

Crime Explodes in China

By Steven Mufson

Washington Post Service

BEIJING—Named a "national model financial worker" in 1990, Huang Yihuan, 56, is now an example of a different type.

Mr. Huang, president of the Industrial and Commercial Bank branch in the Fujian provincial city of Shishi, has been arrested along with seven colleagues on charges of stealing almost \$59,000, nearly half of which Mr. Huang allegedly took himself.

Mr. Huang's case is not an isolated one. One of the growth industries in China's booming economy has been economic crime, and this summer the official press has been filled with stories of crime and punishment—often a death sentence.

The pace of executions picked up in advance of Saturday's 45th anniversary of the Communist takeover, traditionally a time for purging "bad elements."

In one week last month, 90 people were killed in four mass executions, including a group of 45 in Wuhan. Last year, according to Amnesty International, China executed 2,500 people, most often with a bullet to the back of the head.

The severity of the sentences has done little to deter those seeking shortcuts to wealth. There were 20,000 cases of embezzlement and corruption in the first six months of 1994, an 81 percent increase from a year earlier, according to a government official.

At last week's Communist Party Central Committee plenum, top officials called for new vigor in the party's anti-corruption campaign.

But the party and government face an uphill battle.

To some extent, the wave of corruption is a function of raw capitalism after a period of strict regulation.

Chinese citizens once enjoyed, or suffered, a sort of equality of poverty. Corruption often involved the rationing of cheap or scarce

goods. But there is plenty of money to be made in China these days, and as long as typical urban salaries languish around \$100 a month, there is plenty of incentive for financial crime.

Temptation knows no bounds. The money stolen may be a couple of hundred dollars or tens of millions. The perpetrators range from the lowliest clerks to senior officials in banks and regulatory agencies.

Consider these recent cases:

• In July, Wang Lin, the senior regulator of Shenzhen's securities market, was arrested by Hong Kong police.

One of the growth industries in China's boom has been economic misdeeds.

He tried to cross a border post with a forged one-way travel permit, sources in Hong Kong say.

Chinese authorities say Mr. Wang had accepted about \$11,000 worth of bribes in the forms of a credit card, a health club membership and an air conditioner in 1992 and 1993. Fearful of being caught, he was trying to flee the country.

• Also in July, three people were executed for stealing 400 tax invoices from the Hulan county tax bureau in the city of Harbin. The men had stolen the invoices so that people could forge documents and evade taxes.

Because China is what the World Bank calls an "economy in transition," its laws and regulations are in a constant state of flux, to the extent they exist at all.

Take the case of Sun Ming, who took advantage of the application of different rules to different people.

In a case in federal court in

California, the Bank of China alleges that Mr. Sun, a low-level manager who never earned more than \$1,000 a year, conspired with three other bank officials to defraud the Bank of China of \$157 million.

The group allegedly took advantage of a dual exchange-rate policy that no longer exists.

Certain Chinese companies importing goods or equipment were given a more favorable exchange rate. Mr. Sun and his friends are accused of forging documents so that they could change money to Chinese currency at one rate and then convert it back to dollars at the special favorable rate, pocketing profits that ran to at least \$44 million and stashing it in bank accounts in Switzerland, Australia and California.

Many Chinese officials and executives apparently approve of the tough sentences.

For example, Liu Jianyi, 39, was executed by firing squad on July 28 in the southern town of Shenzhen.

In 1987, Mr. Liu had gone to work for Shenzhen Eastern Development Co., which was losing money and desperate for help. Mr. Liu said he could use his connections to help the company become an intermediary in the sale of corn and pharmaceuticals.

But when three companies paid Mr. Liu about \$165,000 for those products, he and another employee took the bulk of the money. When delivery was not made, the three companies contacted Shenzhen Eastern Development, and the plot was uncovered.

Mr. Liu and two others were arrested but escaped by bribing guards. They intended to flee across the river to Hong Kong, but Mr. Liu literally missed the boat and was recaptured.

Asked how he felt about Mr. Liu's execution, the director of Shenzhen Eastern Development said he was "Happy. Yes, very happy."

China Aims To Triple Oil Imports In 6 Years

Compiled by Our Staff From Dispatches

BEIJING—China will need to triple its oil imports to 50 million metric tons a year by the end of this century to fuel its economic growth, the official China Daily reported Monday.

China imported 16 million tons of crude last year. By the year 2010, the world's most populous country will need to import 100 million tons of crude a year unless it finds massive new oil reserves, a government official told the newspaper.

The estimates are based on 8.5 percent annual economic growth from 1996 until 2000 and 7.5 percent expansion each year from 2001 to 2010.

China's economy, which grew 13.4 percent last year, is set for a double-digit rise again in 1994.

"For a considerable time, China's oil output has been unable to provide sufficiently for the nation's economic growth," the daily quoted Li Boxi of the State Council's development research center as saying.

The news will be welcomed by regional oil markets, which have been reeling since Beijing banned imports of a range of oil products and centralized oil purchasing in May.

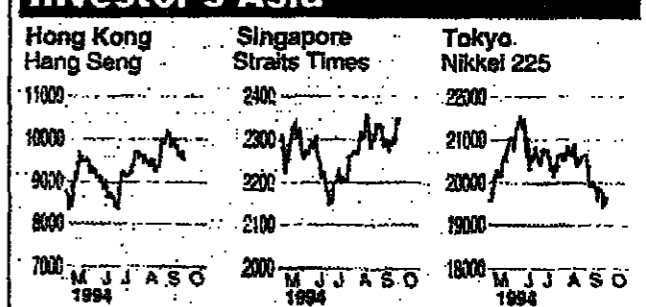
Mr. Li told the paper the slowdown in oil purchasing could only be a "temporary braking."

So far China has shown no sign of easing its grip on oil imports. Oil traders in Singapore said last week that even China's three leading national oil companies—Sinochem, Unipac and China Oil—were unable to get import permits for refined oil products such as gasoline, naphtha and gasoil.

China imports and exports crude to balance its needs for different grades of oil.

(Bloomberg, Reuters)

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng		9,492.48	9,521.24	-0.30
Singapore Straits Times		2,348.52	2,332.63	+0.68
Sydney All Ordinaries		2,030.90	2,028.70	+0.11
Tokyo Nikkei 225		19,650.03	19,563.61	+0.44
Kuala Lumpur Composite		1,127.35	1,129.76	-0.21
Bangkok SET		1,488.55	1,485.71	+0.19
Seoul Composite Stock		Closed	1,050.51	
Taipei Weighted Price		7,183.75	7,191.13	-0.10
Manila PSE		2,916.90	2,908.24	+0.26
Jakarta Stock Index		497.90	497.97	-0.01
New Zealand NZSE-40		2,077.23	2,066.30	+0.53
Bombay National Index		2,055.62	2,038.45	+0.84

Sources: Reuters, AFP International Herald Tribune

Very briefly:

• **Ayer Molek Rubber Co.**, a plantation company, is to be transformed into the financial services arm of Insas Bhd., which bought a 30 percent stake in Ayer Molek after the plantation company sought to take over Bank Bumiputra Malaysia Bhd., according to local newspaper reports.

• **Japan's** domestic sales of motor vehicles in September rose 6.4 percent from September 1993, to 471,582 units.

• **ABN-AMRO Bank** bought the Thai assets of Bank of America (Asia) for an undisclosed sum and received approval for a full operation in Thailand.

• **Japanese** textile associations have asked the Ministry of International Trade and Industry to curb a flood of cheap textile imports battering the domestic industry, association officials said.

• **Hongkong & Shanghai Banking Corp.** plans to shift some of its clerical work to China starting at the end of next year.

• **STAR TV** said it had a bigger share of the Taiwan market than Television Broadcasts Ltd., contradicting claims made by the Taiwan broadcaster last week.

• **Motorola Inc.'s** Cellular Subscriber Group has been awarded a contract by Vietnam Mobile Services to supply portable cellular telephones to Vietnam.

• **Nippon Flour Mills Co.** will buy a 10 percent stake in United Flour Mills Co. of Thailand and might buy another 10 percent; terms were not disclosed.

• **Hang Seng Bank Ltd.** was the most profitable bank in the world last year, according to a survey of 300 banks by the international credit rating agency IBCA.

• **Minolta Corp.** has established a strategic partnership with AM International Inc.'s AM Multigraphics division in which AM Multigraphics will distribute the Minolta CF-80 digital color copier, printer and scanner.

Reuters, AFP, Bloomberg, AP

Wharf Says Chinese Rules Threaten Port Project in Wuhan

Bloomberg Business News

HONG KONG—The chairman of Wharf (Holdings) Ltd. said new Chinese investment rules could threaten its plans to turn the central Chinese city of Wuhan into a national transport hub.

Wharf is a Hong Kong real estate company also active in the transportation, cable and lodging industries.

Chairman Gonzaga Li expressed frustration that after two years, the project to build a container port in China's fourth largest city and to upgrade its rail link to Hong Kong had not been approved.

He said new Chinese government rules may not allow Wharf the controlling stake it wants in the project and may limit rates of returns to unacceptable low levels.

"If that proves to be correct, we may need to tailor our plans accordingly," he was quoted as saying by *Horizon* magazine.

So far, Mr. Li said, Wharf has invested little hard cash in infrastructure projects, saying it was waiting for planning approval.

China's planning commission has been at the center of controversy over new limits on foreign stakes and returns from infrastructure projects.

In 1992, Wharf said it wanted to turn Wuhan into "the Chicago of China" by pumping as much as \$1 billion into transport-related projects. It also said Hong Kong's prosperity would depend on links with that hub.

"The Chinese wanted something big and dramatic, but Wharf is not going to stick its neck out," said Donald Keyser, assistant director of research at Baring Securities. He said Wharf only planned to pump capital into the port project in stages when capacity goals are met.

Wharf is already pulling back from Wuhan. Mr. Li said that in April Wharf pulled out of negotiations to build a light rail system in the city because of poor terms. But he said this had no connection with the transport hub plans and that Wharf was still "very enthusiastic" about the city.

"Wuhan is a key hub in China's national transport infrastructure, and as China grows, Wuhan will grow with it," he said.

Wuhan is at China's crossroads, in the middle reaches of the Yangtze River and halfway along the Beijing-Guangzhou railway.

Hutchison Plans Bond Issue

Hutchison Whampoa Ltd. said it planned to issue \$250 million of 7 percent mandatorily exchangeable guaranteed bonds, with an additional \$50 million possible depending on demand, Reuters reported.

The bonds are exchangeable into shares of wholly owned subsidiary Hutchison Delta Port Ltd. An initial public offering of the shares is expected to take place on or before the seventh anniversary of the bonds' issue.

India Invites Bids In Privatization

Bloomberg Business News

NEW DELHI—The government invited bids Monday for stock worth a total of about \$110 million in seven state-controlled companies.

The government is selling between 5 percent and 20 percent of the companies' shares.

The concerns in which the state is selling stakes are Container Corp. of India, Indian Oil Corp., National Fertilizers Ltd., Oil and Natural Gas Commission, Steel Authority of India Ltd., Shipping Corp. of India and Mahanagar Telephone Nigam Ltd.

New York Debut for a China Power Firm

By Laurence Zuckerman

New York Times Service

NEW YORK—China wants to finance the expansion of its cash-starved electric power industry by selling part of the business directly to foreign investors.

But whether that strategy succeeds may depend a lot on what happens this week when American depository receipts for shares in Huaneng Power International Inc. begin trading on the New York Stock Exchange.

Huaneng Power is only the second Chinese utility to be listed overseas—and its biggest obstacle is its predecessor, which has a similar name, Shandong Huaneng Power Development Co.

Since it began trading in August, Shandong Huaneng has fallen more than 15 percent from the \$14.25 offering price for each of its ADRs. Much of the decline has occurred in recent weeks as executives from Huaneng Power and Lehman Brothers, the new issue's chief underwriter, have been criticizing the United States' courtship of investors.

Analysts and fund managers say that either Huaneng Power is so much better than Shandong Huaneng that investors are bailing out of the earlier issue to sign up for the new one, or investors in Shandong Huaneng see a second disaster looming and are cutting their losses.

Comparing the two companies, one is tempted to conclude that the first theory is true.

Lehman is offering 31,250,000 ADRs, one of the largest Chinese stock issues ever. Half the receipts are ear-

marked for sale in the United States and Canada.

Lehman Brothers declined to respond to questions about the issue, but fund managers say the expected offering price ranges from \$22.50 to \$27.50 for each ADR, for a total of \$703 million to \$859 million.

Huaneng Power owns and operates five coal-fired power stations in one of the fastest-growing markets for electric power. The company already has plans to develop or acquire eight additional plants.

The company owns and manages plants in five Chinese provinces, whereas Shandong Huaneng effectively is a holding company for assets owned by the Provincial Power Authority in Shandong Province in northeast China.

The biggest criticism of Shandong Huaneng was that it was created from state assets for the purpose of being listed in New York.

The offering's prospectus, prepared by lead manager CS First Boston, contained only one year of pro forma financial records, or estimates of how the company would have fared had it been in existence.

Huaneng Power, on the other hand, is a subsidiary of a Chinese state company that was formed in 1983 to construct and operate power stations at a profit using imported power-generating equipment. Its preliminary prospectus supplies three years of actual financial statistics.

"This is a real prospectus," said Sheldon Kasowitz, regional utilities analyst and a director at Jardine Fleming Asia Research in Hong Kong.

Mr. Kasowitz and others also

praise Huaneng Power's management. Li Xiaoping, the 35-year-old vice president, is the son of Prime Minister Li Peng.

Such connections are highly prized in China, although they can become a liability if the political winds shift.

But like Shandong Huaneng, Huaneng Power has at least two serious drawbacks: currency risk and an uncertain regulatory environment.

Because the company is selling electricity to provincial power authorities, all its earnings are in local currency. Lehman is trying to hedge the currency risk by factoring a 7 percent devaluation into the financial projections it has made for the company.

But with inflation in China still raging and a murky economic and political picture ahead, 7 percent could end up

being much too low. Early this year, for example, the government devalued its currency, the yuan, by 33 percent overnight.

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Global Banking and Finance

Will Japan's Banks Play Bit Part on Global Stage?

By Steven Brill

TOKYO — The worst may be over for Japanese banks. The trillions of yen in bad debt created by the collapse of the economic bubble of the late 1980s are slowly but steadily being cleaned up.

But over the long term, even after operating profits begin to recover in two to three years, there is little reason to expect Japanese banks — the world's richest — to come roaring back.

For one thing, while banks are making provisions to write down their bad debts to market levels, much less is actually being written off. The reckoning is being dragged out in a process that could easily stretch into the next century, but in the meantime banks will tie up capital that could be used more productively.

More important, though, Japanese banks are only slowly emerging from the cocoon of government regulation. A herd mentality, an over-emphasis on loan growth over asset quality, and barriers to new markets will make Japanese banks less profitable, less diversified and less formidable than their Western rivals in the future, analysts say.

"The Ministry of Finance has spoiled its children, but now it doesn't want to see them grow up," said Alicia Ogawa, an analyst at Salomon Brothers. "Japanese banks will look pretty sad by international standards."

The go-slow approach is being dictated by the Ministry of Finance, whose overriding aim is to provide stability to the financial system. That may be a worthy goal, one that will lessen the pain experienced in the late 1980s and early 1990s when bankers in the United States and Europe securitized or foreclosed bad loans to less-developed countries and property developers.

But it will come at a cost of reduced profits for Japanese banks. That will make them stingier lenders when the Japanese economy picks up and loan demand increases. Japanese economic growth could suffer.

In many ways, the banks are victims of history. Until less than a decade ago, they operated in a highly regulated, low-interest-rate environment with a clear function: culling excess savings and channel-

ing them to big companies. They also served as stable shareholders, allowing companies to skate by with minimal dividends.

With stock and property prices on a seemingly endless incline, corporate disclosure opaque by Western standards, and interest rates regulated at artificially low levels, conformist, non-creative management reigned.

Bank managers competed to boost fund volume, and paid little attention to risk-assessment. The strategy culminated in the late 1980s with a reckless stampede of lending backed largely by real estate and stocks, which plummeted in value when the bubble economy collapsed in the early 1990s.

The result was a mountain of bad debt which the government estimates at nearly 14 trillion yen (\$143 billion at current exchange rates). Private-sector analysts put the figure several times higher.

Betsy Daniels, an analyst at Morgan Stanley, reckons that Japan's 21 largest city, trust and long-term credit banks are saddled with about 40 trillion yen in bad debt. Of this, about 20 trillion will eventually have to be written off. So far only about one-third has been: it will take another two to three years to dispose of the remaining sum.

To come up with the money, Japanese banks are selling real-estate holdings in the United States and taking profits on some of their domestic equity holdings. They are also withdrawing from loan markets in Europe, shifting instead to capital markets. But most of the money will be drawn from operating profits.

"They've owned up to their balance sheets and are working out the problem," Ms. Daniels said. "But all of their operating profit over the next couple of years will be used to cover writedowns and provisions for non-performing assets."

Still, much of the problem is only being swept under the rug, not disposed of. While banks are accumulating reserves to cover expected losses, losses will only be booked gradually in a process that could take a decade. A faster approach could adversely affect the property market.

In the meantime, capital will be tied up.

Continued on Page 18



Prosperity Tastes Bland To European Lenders

By Erik Ipsen

LONDON — Low inflation and moderate economic growth, the stuff of every self-respecting European finance minister's dreams, is proving to be at best a mixed blessing for Europe's bankers.

Yes, the return to economic expansion has boosted bank earnings by allowing bankers to slash the amount of money they put aside for dodgy debts. But at the same time this new and particularly bland brand of prosperity has both delayed and diluted bankers' crucial expectations of a return to rising loan demand.

If it were not for falling bad debts these banks would be going backwards in terms of profits, said John Tyoe, an analyst at Societe Generale Strauss Turbulent in London. "If you believe in low inflation you can hardly believe in a return to rapid loan growth."

Many observers suggest that may not be bad at all. They point out that loans piled willy nilly onto bank's books in the heady days of soaring growth as well as of asset prices have always soured at alarming rates come the inevitable recession. More moderately paced growth, goes the argument, allows bankers to pay more attention to loan quality.

At the moment, bankers from Bristol to Barcelona would be grateful for any growth in lending volumes at all. On the Continent, where the economic recovery is yet young, any revival in loan demand is widely reckoned to be at least a year away.

Some wonder if it will ever come. "I suspect there might be a break in the post-war pattern," said Derrick Chambers, banking analyst at James Capel. "Low inflation may mean bank credit is just not needed as much."

In Britain, corporate liquidity now stands at record levels as the recovery boosts profits. What is more, with monetary authorities keeping a tight lid on the economy there is little need for companies to undertake massive new investments to gear up. Similarly in France corporate free cash flow now stands at nearly 115 percent of spending.

In Europe, what little in the way of new business that has emerged this year has been pounced upon by the banks, with profit-crushing results. Demand for mortgages and for finance for local government bodies have been the only two bright spots this year.

To the delight of borrowers, the stampede of willing lenders in their direction has caused spreads on loans to local au-

Continued on Page 18

In the '90s, Mergers Help Firms Get Back to Basics

By Lawrence Malkin

NEW YORK — Merger mania has returned to Wall Street in a much saner form than the deals driven by debt and ego that left American business gasping for profits after the glided 1980s.

This wave is based on cutting overhead and reorganizing production and management to meet global competition, the foundation of successful American business strategy since the banker J.P. Morgan masterminded the first reorganization of corporate America a century ago.

In Morgan's day it was such basic industries as steel and aluminum that his bank rationalized and put together. Now

the industries ripe for consolidation are health care, where companies paying the costs for their workers demand that costs be cut with or without the participation of the U.S. government's defense, where the end of the Cold War has downsized the Pentagon and its suppliers, financial services, because Congress has just passed a law permitting interstate banking and information superhighway businesses, which are trying to discover where the road is going even as they struggle to assemble the right corporate vehicle to build it.

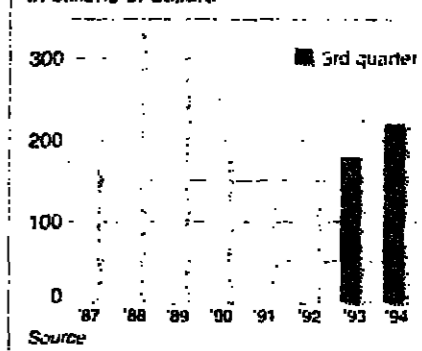
By midyear the value of domestic mergers, announced publicly stood at \$133.6 billion, up sharply from \$105.5 billion at the same point in 1993, according to Securities Data Co. The number of deals was

3,843, compared with 3,179 a year ago. Martin Sikora, editor of Mergers & Acquisitions Magazine who teaches the subject at the University of Pennsylvania's Wharton School of Business, said the numbers are certain to escalate, because mergers usually are more numerous in the second half of the year.

Not all mergers are going through unless the price is right. Lawrence A. Tisch walked away from a deal to merge CBS Inc. one of America's premier television networks, with QVC Inc., an upstart home shopping network, when one of QVC's owners demanded a better deal.

Some of the same players of the 1980s are in the front lines, but their financial

M&A Deals in the U.S.
In billions of dollars



Continued on Page 19

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By Baje Netzer

In July, Edward J. Markey, a Democratic member of the U.S. House of Representatives, proposed legislation that would increase the power of the Securities and Exchange Commission to set capital and other requirements for derivative opera-

"Accounting standards simply haven't kept up with the growth in derivatives," says Chris Matten, a co-chair of the Institute of International Finance's working group. "A company's derivative activity can disappear under a heading for 'other

While some firms make money simply by selling or trading derivatives, banks and other corporations may also use derivatives to hedge against the price movements of commodities, securities, currencies or interest rates. Yet while experts agree that derivatives can help a corpora-

A second and more global issue involves the booming market for privately negotiated over-the-counter derivatives

In a derivative known as an interest-rate swap, for instance, Bank A might

"There have been very few cases of counterparties going bankrupt but there have been cases of large losses due to the market moving suddenly," says James Johnson, partner at the U.S. accounting firm Deloitte & Touche. "So far, there is absolutely no consensus about how banks should measure and disclose the market risk of their derivatives."

BAIE NETZER is a financial journalist based in Germany.

By Ann Brocklehurst

The majority of foreign companies are also listed on their home markets, but a significant number have only the Nasdaq

"We have never taken a company public in Europe," said Alta Berkeley's Bryan Wood. "If you really do have a hot deal or an interesting deal, you really can get better pricing in the U.S."

While Nasdaq requires companies to have a minimum of two market makers, most foreign companies have an average of 11. Market makers, such as Alex. Brown, which is based in Baltimore, are allowed to sponsor stocks as well as trade them, issu-

"We found information is really a key because U.S. investors, particularly institutional investors, are used to receiving that information and talking to management," he said.

LMI Ericsson Telephorie Co.	Sweden	\$3.79
Reuters Holdings PLC	U.K.	3.67
Medtronic Corp.	Canada	3.38
MacMillan Bloedel	Canada	1.79
Creative Technology	Singapore	1.58
Teve Pharmaceutical Indus.	Israel	1.54
Partner Re Holdings	U.K.	1.54
ECI Telecom Ltd.	Israel	1.35
Teléfonos de Mexico, S.A.	Mexico	1.05
Loewen Group Inc.	Canada	1.02

50, are the confectionary and soft drinks manufacturer Cadbury Schweppes PLC and the news and financial information service Reuters Holdings PLC. Mr. Wall noted that Reuters, which trades ADRs representing a bundle of its ordinary shares as do most of the bigger foreign companies, often has a bigger daily trading volume on Nasdaq than in London.

NASDAQ is also home to Petersburg Long Distance Inc., the company billed as "the first Russian equity opportunity" when it listed on the market with a secondary stock placement in 1993. With its main offices in London, where it trades over the counter, and Toronto, where it is listed on the local exchange, the company provides international and domestic telecommunications services to St. Petersburg through an associate company. "What we felt was that in the emerging telecommunications market, a Nasdaq listing is important if you want U.S. funds to move into the stock," said the company's president and chairman, Rupert Galliers-Pratt.

ANN BROCKLEHURST is a journalist based in Montreal.

Continued from Page 17

With too many banks and too much capital sloshing around in the system, analysts are worried that something must give. Rod Barrett, a banking analyst at Goldman Sachs talks of a "golden scenario" in Britain whereby moderate loan demand and excellent profits from slimmed-down banks would allow them to build up huge amounts of excess capital. That would be good for bank shares," he notes. "But unfortunately the world does not work that way."

Whereas merchant banks excel at moving capital staff into new, hot areas and out of areas that come more commercial services, commercial banks call multiyear capital stone. "This is not a where 10-year plan anywhere," insists M With European

Powered by rising interest rates in the United States, European bank stocks underperformed their respective national stock markets by an amazingly uniform 10 percent in the first half of this year.

The mood has definitely changed, said Goldman's Mr. Barrett. "People have gone off the banks in a big way," he said. Overhanging the market are fears that in the mature banking markets of Europe, where overcapacity is still the rule, banks face an increasing-luxury-goods future.

"The outlook for traditional lending in Europe is not nice," said Stefan Arrouays, an analyst for Barclay's deZoeete Wedd in Paris.

ERIK IPSEN is the London correspondent of the International Herald Tribune.

Continued from Page 17

creating a drag on profitability and many lost opportunities

Without doubt, the experience of the bubble and a slowly liberalizing regulatory environment is making Japanese bankers more concerned with risk-assessment and profitability. Fuji Bank, for example, says 100 percent of its corporate lending is priced according to risk. Mitsubishi Bank and Sanwa Bank use credit-risk pricing for 25-30 percent of their loans.

"Japanese banks are trying to balance risk and returns," said Yoshinobu Yamada, an analyst at CS First Boston.

Byst at CS First Boston.

Sakura Bank, one of Japan's biggest, has yet to face the risk in setting interest rates on loans. That may limit the extent to which other banks can price loans higher for riskier clients.

"While clear trends, banks have been permitted to enter the securities business under strictures and excessive competition in the field will ensure that this remains a small aspect of their business for years."

"The biggest global advantage of Japanese banks is that they sit in a market that has too much money — that's it," Ms. Daniels said. "They're not competitive for new products

STEVEN BRULL is the Tokyo correspondent of the International Herald Tribune.

STEVEN BRULL is the Tokyo correspondent of the International Herald Tribune.

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Nordics Firmly on the Road to Recovery

By Conrad de Aenlle

STOCKHOLM — The long convalescence of the Scandinavian banking system is nearly completed. The staggering volume of bad loans, which put a number of banks into insolvency, forcing government rescues, has mostly been written off the books. Banks are profitable again and, with their balance sheets back in decent shape, many are looking to expand at home and abroad.

The last year has been an especially good one. Swedish banks, for instance, suffered credit losses totaling 120 billion kronor, or about \$15 billion, in 1992 and 1993. This year, by contrast, the major banks are making money. Banks in Denmark largely escaped the fate of their northern neighbor. Although the four largest banks all lost money in 1992, the losses were generally mild, and recovery was speedy. The exception was the country's second-largest lender, Unibank, which managed to lose money three years running, culminating in 1992 in a record loss for the Danish banking industry.

Norwegian banks were the first in the region to climb into their hole and they are leading the way out as well, banking analysts say. "They started recovering last year and turned from large losses in 1992 to profitability last year, '93 was their best year ever," said Sigmund Halland, who follows Scandinavian banks for Enskilda Securities. He noted that Christiania, which he called "the most bankrupt of all of them," and Den norske Bank, the country's largest, had raised money through new share issues.

Den norske reported net income in the first half of 1.5 billion kroner, or about \$215 million, compared with 942 million kroner for all of 1993. In the two years before, the bank lost a combined 7 billion kroner.

The laggards in the region were Finnish banks. The commodity-based economy suffered the most severe downturn, and banks such as Postipankki and Kansallis-Osake have shown losses for three straight years.

Through their convulsive ups and downs, banks across Scandinavia — and their depositors, shareholders and governments — have been the victims, and lately the beneficiaries, of roughly the same set of economic and regulatory circumstances.

Nordic banks have had strong year-to-year increases.

were never allowed to take on too much risk or to make too much money. Then, in the 1980s, came the first wave of deregulation. Loan demand shot up, and so did the Scandinavian economies.

"Banks were not used to being competitive in market terms," explained Patrik Tillman, an analyst at the brokerage Alfred Berg. "The way to increase market share was to make real estate loans."

The banks went on a lending binge, with quantity counting more than quality. Not only banks, but insurers and other finance companies, started to make loans with reckless abandon. With so much money being pumped into the property market, prices shot higher.

Then the bubble burst. Currency controls were lifted and money started to be sent abroad. The recession came next. Inflation fell sharply. At about the same time, the top income tax rate was slashed in Sweden. The deduction for mortgage interest was not worth what it had been.

All of a sudden, real estate was not a sure thing. Indeed, prices fell by 50 percent in Stockholm. Borrowers couldn't pay back their notes, and the banks were stuck with the bad debts.

"The rules for the market had totally changed," Mr. Tillman said of Sweden. "We went from high to low inflation, as the government's aim was to fix the currency" to the stronger currencies in Europe. "Almost a whole industry went bankrupt after a time of huge volume growth."

Although the tide turned too late for many, it did turn. Interest rates across the region plummeted, making the cost of credit cheaper for banks and their borrowers. It also drove up the value of the banks' portfolios of government bonds.

Now the banks are prudent by necessity. The lingering recession in Scandinavia has dried down loan demand in Norway and Sweden. The value of outstanding loans at Den norske Bank, for instance, fell 14 percent during 1993.

During 1993, the value of outstanding bank loans in Sweden declined nearly 20 percent, to 738 billion kronor, according to the government statistics bureau. Much of that decline was due to the debts of insolvent banks being wiped off the books in bailouts.

Elsewhere, loan business is holding up. The portfolios of Denmark's two biggest banks, Den Danske and Unibank, increased during 1993, although they are off from their peaks in 1990. Finnish banks have had strong year-to-year increases.

If the banks' balance sheets have been dressed up, it is a case of being all dressed up with no place to go.

"All banks are overcapitalized," Mr. Tillman said. "As long as they don't have high loan demand, there's not much they can do."

What they have been doing is what American banks in the same situation have done for the last few years — playing the yield curve. The spread between long- and short-term interest rates has been so large that banks can make good money paying their depositors at the prevailing low short rates, then buying generously yielding government bonds.

They have also been throwing some of that capital around to make acquisitions and improve their operations. SE Banken has opened branches in Oslo and Helsinki and is about to launch a 24-hour retail banking phone service. Handelsbanken has bought some smaller banks in Norway and is interested in expanding further in the region.

Mr. Tillman said that, rather than using their capital to make loans, banks are trying to boost fee income by selling long-term savings products,

much as American banks have embraced the mutual fund business. Such caution is warranted. Even though the percentage of bad loans has fallen, he noted, it is still well above the levels that healthy banks are used to.

"The first year of normal credit losses is going to be 1996, even if this year is going to be better than last," Mr. Tillman said. "It's a very mixed picture."

For Swedish banks, there is also the risk of a further slowdown in the local economy, especially with the victory last month of the Social Democrats. They have pledged to raise taxes to reduce the gaping budget deficit. That could mean less disposable income. On top of that, interest rates have risen sharply this year. But bankers remain optimistic, if wary.

"It's quite evident that the risks of operating in this environment are getting higher," said Lars Isacson, chief financial officer at SE Banken. "But we can say the crisis is over."

CONRAD DE AENLLE writes about business and finance from Paris.

How One Bank Turned Itself Around

STOCKHOLM — SE Banken seemed like just another of the casualties when it asked for state aid early last year to cope with loan losses from the collapse in Nordic real estate prices.

But SE Banken, Sweden's second-largest bank, got a lift from a sharp fall in interest rates and found that it could weather the storm on its own. The bank withdrew its appeal for aid.

Having survived that ugly episode, SE Banken went on a health kick. It sold off assets and sharply cut lending to boost the bank's capital-to-assets ratio. It streamlined operations and decentralized decision making in an effort to make the bank more efficient and more responsive to its retail customers.

The regimen has been successful, but not entirely. The value of its loan portfolio fell by nearly 20 percent, to 247.7 billion kronor, or about \$32 billion, in the year through June; its net problem loans fell by more than half, to 10.7 billion kronor, in the same period.

"Our balance sheet and lending have come down substantially," said Lars Isacson, chief financial officer. "It has come down much further than we thought because loan demand is way down."

Still, net bad loans account for 4 percent of outstanding loans, a figure that Mr. Isacson said "must come down to a lower level" for the bank to feel as though it had made a complete recovery.

And he conceded that the bank had not cut expenses as much as it would have liked. Costs rose 6 percent in the year through June.

But the key number is net income, which in the first half was 2.3 billion kronor, more than triple the gain for all of last year. The bank showed a loss in last year's first half. The reduced lending and return to profitability have boosted total capital to 13.9 percent of assets from 13 percent at the end of last year.

Much of the credit for SE Banken's recovery goes to the chief executive, Björn Svedberg, who was brought in from the LM Ericsson AB telecommunications concern.

"He's tough. He changed the culture of the bank," said an analyst who follows SE Banken. "It had a reputation for being a posh bank, now it's more efficient. They have positioned themselves to be a modern bank."

To try to set things right, the bank decided to concentrate on its core commercial and retail businesses. It gave up its ambition to become one of the largest fund-management companies in Europe, and it sold off a number of assets, including its Swiss bank and stakes in its mortgage and finance units, and a couple of foreign banks.

SE's mission now is to take advantage of the market share it has gained on weaker banks while not getting into a costly battle with Svenska Handelsban-

ken, SE's larger rival which remained profitable for most of the crisis. The strategy is to build up business abroad, especially in the other Nordic countries, which SE Banken would like to think are part of its home market. The bank recently opened branches in Oslo and Helsinki.

"In the next year, it's important for us to get things going in the branches in Norway and Finland so profitability will be improved," Mr. Svedberg said.

SE Banken would also like to expand its presence abroad to better cater to its large corporate clients. It already handles close to half of the foreign exchange trading done in Sweden and has more than half of the market in international payments. Such services can be extremely profitable without using up any of the bank's capital.

There are still some mine fields to be steered around. Interest rates have lately headed back up. And there is new competition in the investment banking sector.

But SE Banken's executives say the credit calamity has made them better able to handle new difficulties. "At times it's good to have a crisis," Mr. Svedberg said. "It was a purgatory, a process that changed the culture and made it a better, more efficient bank."

Conrad de Aenlle

If you can't make it to the end of the test, your company may not make it to the end of the decade.

U.S. Firms See Mergers As Move Back to Basics

Continued from Page 17

strategy is more sober. Henry Kravis, the raider who paid more than \$25 billion for the tobacco and food conglomerate RJR Nabisco five years ago in a move so audacious it was chronicled in newspaper headlines, a book and a movie, took over the ailing Borden Co. this month in an unheralded stock swap.

Mr. Kravis's partnership, which invests money for institutions, had so revived RJR Nabisco that he was able to trade \$2 billion of its stock for a match with all of Borden. The company, founded in 1858 by the inventor of condensed milk, is spread so thin in down-market areas of dairy, food, chemicals and even glue that it was unable to turn a profit last year on \$5.5 billion in sales.

Other seasoned veterans of the 1980s have returned to the negotiating table with the skills that made them rich in the 1980s but not the junk-bond financing with interest payments that almost sank some of the conglomerates they created. American Home Products plans to raise money from a credit line syndicated through Chemical Bank to buy out American Cyanamid's shareholders for \$9.7 billion in cash, then sell off its agricultural and pesticide units to create a pharmaceutical and patent medicine giant.

American Home was advised by Eric Gleacher, an attack dog for Morgan Stanley's mergers in the 1980s who now runs his own New York boutique backed by Deutsche Bank and its British arm, Morgan Grenfell. His principal role, like many of experienced dealmakers of the 1980s, was to bring the disparate and often warring companies together and take charge of tough negotiations — and that is one reason he is less prominent; hostile takeovers are few.

Friendly mergers are the overwhelming majority, and the currency of choice is common stock. Low prices make mergers more attractive when the aim is buying market share to take advantage of a growing

economy — or, in the case of the defense industry — a shrinking one.

So far the year's biggest merger is the \$11 billion exchange of stock to merge Martin Marietta Corp. and Lockheed Corp., the nation's second and third largest weapons makers. The goal of the merger is to offer a full line of aviation, aerospace and avionics gear not only to the Pentagon but also to buyers abroad in competition against state-subsidized national champions. To the degree that governments subsidize their own domestic producers, vowed Norman R. Augustine, Martin Marietta's chairman, "we are going to make it more costly for them by cutting our costs."

Many other mergers have the obvious theme of size and back-to-basics themes. Burlington Northern Inc. and Santa Fe Pacific Corp. are swapping stock valued at \$4.2 billion to create the largest railroad company in the United States, covering most of the Mississippi River. American Express Co., pulling back under new management from a decade of ill-conceived expansion into financial services, agreed to buy the 400 U.S. travel offices and corporate travel division of Britain's Thomas Cook Ltd. for \$375 million.

And in a corporate version of the film "La Ronde," Bayer AG of Germany will buy the over-the-counter operations of Sterling Winthrop Inc. in the United States and Canada for \$1 billion. Sterling's worldwide operations had been acquired by Eastman Kodak Co. during the merger mania of the 1980s, then sold to SmithKline Beecham PLC, the British-American pharmaceuticals company, for \$2.9 billion when Kodak decided to stick with optics. For Bayer, it meant regaining its own trademark in the United States for the first time since its U.S. operations were seized almost 80 years ago as enemy property during World War I.

LAWRENCE MALKIN is New York bureau chief of the International Herald Tribune.

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SPORTS

After Crash, French Cyclist Is Gingerly Sprinting Again

By Samuel Abt
International Herald Tribune

LES ULIS, France — Of course he gets a bit nervous now in the sprint, Laurent Jalabert admitted with a defensive, lopsided grin.

Defensive because sprinters, especially first-rank ones like Jalabert, do not usually say they feel fear when a bicycle race nears its finish and dozens of riders tear for the line together in a bumping, swerving wave.

Lopsided because all his upper front teeth are missing. He lost them in a sprint.

On July 3, at the end of the first day of the Tour de France, Wilfried Nelissen, a Belgian who rides for the Novemail team, sped toward the finish line in Armentières. One of the French policemen on the edge of the course drifted a few feet out and tried to photograph the on-rushing sprinter. Nelissen had his head down, as sprinters do, and the policeman had his eye to the camera's viewfinder, which can distort distance.

Nelissen plowed into the policeman and hurtled to the ground. Right behind him, Jalabert, a Frenchman who rides for ONCE, could not avoid the bodies and bicycle and he crashed, too. Behind them, Fabiano Fontanelli, an Italian with ZG Mobili, and Alexander Gontchenkov, a Ukrainian with Lampre, also went down heavily.

Jalabert broke his cheekbones and shattered his front teeth. Bleeding from the scalp, nose and mouth, he did not lose consciousness. Nelissen did, suffering from concussion and face and knee cuts.

"Oh I remember it very well," Jalabert, 25, said this weekend. "I've watched the videotape and even without it I remember what happened very well." He said he tried to hide his face after the crash so that his wife would not see on TV how badly he was hurt.

Both riders were hospitalized and out of the Tour, where they were among the leading sprinters. Nelissen, at age 24 the Bel-

gian national champion, is one of the fastest men in the sport and Jalabert, not quite so fast but perhaps more savvy, won seven stages in the Vuelta d'Espana this spring.

The two other riders, Fontanelli and Gontchenkov, walked across the finish line, towing their bicycles. After X-rays, Gontchenkov learned that he had broken his right arm and had to quit the Tour; Fontanelli remained and competed in the next day's sprint, finishing ninth.

After a month off to recuperate, Jalabert and Nelissen have resumed racing and were among the starters Sunday in the 250-kilometer (155-mile) Paris-Tours classic.

"It's long, maybe too long for me," Jalabert said before hand at his team hotel in Les Ulis, a suburb of Paris. "I still lack a little condition but I've got the morale and maybe that will make a difference."

He regained his morale, he continued, last month in the Tour of Catalonia, when he won a stage for his first victory since the crash. Even better, he won the stage in a sprint.

"In a sprint, yes," he repeated. The question was delicate: Did he get nervous now in the sprint, especially if he was near the front?

"A little. When a sprint starts to go really fast, when it gets dangerous, for an instant it starts to come back to me. But even if it's difficult to forget, it's over."

"We start sprinting and I can't let it bother me," he added. "What I think about when we start the sprint is that I have to do better than I did in the last sprint."

He shifted in his chair and tugged at his jersey. He had answered these questions before but not often.

"Something like that marks your career," he said. "But you can't let it bother you. My job is still to sprint and win races. That's what I did and I hope that's what I'll continue to do."

Unlike the Frenchman, Nelissen has refused to watch the accident on video and does not like to see photographs of it. He can sound brusque when asked if he has overcome the affects of the crash.

"Yes, yes," he answered before Paris-Tours as he fiddled with his bicycle's rear wheel. "Everything O.K., no problems." He barely glanced up.

The Belgian has competed in sprints and won them too since the crash. Early in September he won a criterium, basically an exhibition race, in Belgium and then finished first in the Grand Prix d'Isbergues in France.

"That felt good," Nelissen said. "But it's a small race, not like this one here."

Paris-Tours is indeed a bigger race, a World Cup classic that often is decided by a sprint at the end of the broad, long Avenue de Grammont in Tours. So it was again Sunday.

The pack was bunched as it came down the 2,400-meter-long straightaway and the sprinters were fighting and swaying for position. About 150 meters from the finish, Christophe Capelle, a Frenchman with the Gan team, was bumped, put on his brakes as he headed for the steel crowd barrier and lost control of his bicycle.

Down he went and down went five other riders behind him. They were all in the second wave of sprinters.

A few yards ahead, unaffected by the crash, the top sprinters continued to strain for the line. Riding in that group, Jalabert and Nelissen finished eighth and ninth, the highest-placed Frenchman and Belgian, as Erik Zabel, a German with Telekom, won by half a wheel.

"I lacked a little juice to finish the day well," Jalabert told a reporter for the French sports newspaper l'Equipe. "And I've never been so well-placed for the sprint in Paris-Tours as I was today."

"Only," he added, "there are always these little lights that flash in your head as if to say: Attention, danger."

China Sweeps Up 8 Records and 8 Golds

But Japan Gets Games' First Medal

Compiled by Our Staff From Dispatches

HIROSHIMA, Japan — Japan, the host nation, won the first gold medal of the 12th Asian Games here on Monday, getting a brief moment of glory before the Chinese juggernaut swept to eight world records.

With the opening ceremony behind them and politics receding into the background, the athletes wasted no time in toppling records, adding three Games marks in swimming to the eight world records set by China's women weight lifters.

The first full day of competition ended with China leading with eight gold medals, two ahead of Japan, whose women won four golds in their national martial arts pastime karate.

The Chinese women won two golds in the swimming pool and three with world-record-breaking lifts in weight lifting.

China also picked up golds in the men's 200 freestyle, men's team gymnastics and in the men's individual foil. Japan's other golds came in swimming and in the equestrian team dressage event.

The day got off to an appropriate start when Hisami Yokoyama won the first gold medal of the games for the hosts, taking the women's individual kata competition in karate.

Yokoyama, from Kobe, overcame a nervous semifinal appearance, to become the inaugural winner of an Asian Games gold medal in karate, which is making its debut as a sport in the Asian Games.

But she performed almost flawlessly in the final of the event in which athletes perform a series of pre-arranged moves against an imaginary opponent to score a total of 48.1 points.

But then the Chinese struck. Chinese women weight lifters rewrote the record book in the latest sign of Beijing's rise in international sport stature.

Guan Hong, 20, first shattered all three world records — snatch, clean and jerk, and



Shan Ying of China after winning the women's 100-meter freestyle gold medal Monday.

combined — in the 46-kilogram (101-pound) category, despite a nagging knee injury.

Then Liu Xihua, 18, broke her own three records in the 50-kilogram category.

Zhang Juhua brought China's record breaking run to a close, shattering two more world records in the 54-kilogram competition.

In the swimming competition, attention was focused on China's women, who won 12 of 16 events last month in the World Championships in Rome. Unheralded Shan Ying of

China took the spotlight, winning the women's 100-meter freestyle in the third-best time ever and edging her teammate Lu Bin, Rome silver medalist.

Shan finished in 54.40 seconds, a Games record, and Lu in 54.42. Their compatriot Lei Jingyi, the world-record holder, sat out the race, but is to compete in Saturday's 50 freestyle.

China's other winners were the veteran Lin Li, five seconds ahead of her world champion teammate Dai Guohong, in the women's 400-meter individual medley, and Xiong Guoming,

who beat two Japanese in the men's 200 freestyle with a Games record of 1:50.95.

Lin, who was China's first women's champion at the start of the country's astonishing ascent to prominence in 1991, confounded her critics, who thought she was on her way out. "I've been an athlete for a long time now," Lin said. "After the Asian Games are over, I'll think about retiring."

For Japan, Akira Hayashi beat two Chinese swimmers in the men's 100 breaststroke. The Chinese won the men's

gymnastic team event — ahead of South Korea and Japan — while China's Dong Zhaozhi defeated Japan's Yoshinori Nagano in the men's foil final.

China can increase its lead Tuesday when there are further finals at the pool — including the women's 200-meter breaststroke and 200-meter freestyle — and three women's weightlifting finals.

China also is favored in the women's team final in gymnastics, while South Korea will be looking to recover from a slow start after collecting only two silvers and two bronzes on Monday.

Japan will be looking to maintain its hold on the karate competition, in which four gold medals will be awarded in men's competition.

On Monday, Japan reigned supreme in the event. "It was a wonderful performance," said the Japanese head coach, Katsunori Tsuyama, of the women's team victory.

"I hope our men can do the same," he said.

A total of 337 golds are at stake in the Games.

With the addition of karate and other changes to the sports lineup since the last Games, in Beijing in 1990, and the debut of five former Soviet republics, the Chinese are saying their gold total is likely to fall from the 183 four years ago. South Korea had 54 golds and Japan 38 four years ago.

(Reuters, AP)

China: Drug-Resistant Link

China's sports chief charged on Monday that racists were behind accusations that his world-record-setting athletes used drugs, but he also left open the possibility that some Chinese athletes may have mistakenly taken banned drugs in medicines. Reuters reported.

Commenting on allegations by some Western coaches that Chinese swimmers and athletes take drugs, Wu Shaoyu, president of the Chinese Olympic Committee, said, "I think to some extent it is racism."

He said if a Western athlete was found to have taken drugs, the individual was blamed, not the country as a whole.

"People don't blame Europeans when they are found doping, only we are blamed," Wu added.

In Europe, Falling Soccer Champs

LONDON — It could be because of the demands of the European Champions' League, or just the vagaries of form and luck, but none of the teams who won last season's major soccer leagues are leading their domestic championships after this weekend's action.

AC Milan, the defending European champion, is fourth in the Italian league, three points behind Parma, the leader. Barcelona, beaten in last season's Champions' Cup final by Milan, is ninth in Spain. Bayern Munich is fourth in Germany, Paris St. Germain sixth in France and Manchester United fourth in England.

AC Milan, seeking a fourth straight domestic title, returned to form with a 1-0 victory over Brescia following last week's loss to Cremonese. Marco Simone, who scored twice in Wednesday's 3-0 Champions' League triumph over Salzburg, was on target again, but Milan's next big fixture may not prove to be quite so productive.

The club faces a UEFA hearing on Thursday following a bottle-throwing incident in which Salzburg's goalkeeper was hit on the head. The Italians may be ordered to replay the match.

Parma beat Torino 2-0 to stay in first place on goal difference, ahead of Roma.

Barcelona and its rival Real Madrid were both surveying the wreckage of defeats.

Johan Cruyff, coach of a Barcelona side beaten 2-1 at Real Zaragoza, blamed his players for lack of effort and concentration.

"This is the kind of game we shouldn't lose even if we wanted to," he said. "People seem to think they can play at half speed and still win matches. They can't! If you have eight scoring chances you have to take advantage of some of them."

Real Madrid's coach, Jorge Valdano, was calmer about his side's 1-0 loss at Sporting Gijon, which knocked them off the top.

"The result in no way did justice to the way we played," Valdano said at the end of a game that Madrid dominated throughout, only to fall to a shock goal four minutes from time.

Bayern Munich's uncertain start to the season continued as the club fought back from a two-goal halftime deficit to draw 2-2 at Cologne.

Christian Ziege and Alexander Zickler scored for Munich, which with Karlsruhe and Kaiserslautern, is one point behind joint-leaders Werder Bremen and Borussia Dortmund.

Goals from Francis Llacer and the Brazilian midfielder Rai gave Paris St. Germain a 2-1 victory at bottom-of-the-table Caen, but PSG remains seven points behind Nantes, the unbeaten league leader.

Manchester United played lethargically Saturday and had to rely heavily on an outstanding performance from its Danish goalkeeper, Peter Schmeichel, to beat last-place Everton, 2-0.

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SCOREBOARD

NFL Standings

AMERICAN CONFERENCE

East

W	L	T	Pts	PF	PA
1	0	0	150	149	108
2	0	0	140	140	105
3	0	0	140	141	128
4	0	0	140	140	128
5	0	0	140	140	128

Central

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

West

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

NATIONAL CONFERENCE

East

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Central

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

West

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

CFL Standings

Eastern Division

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Western Division

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Soccer

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Baseball

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Hockey

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Tennis

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Basketball

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Volleyball

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Swimming

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Figure Skating

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Ice Hockey

W	L	T	Pts	PF	PA
1	0	0	140	140	128
2	0	0	140	140	128
3	0	0	140	140	128
4	0	0	140	140	128
5	0	0	140	140	128

Forget Campaigning



“This is ridiculous. I’m running for the Senate and all the media are interested in is a murder trial. What gives with David Letterman?”

Reuters

"Is my opponent having as much luck as I am?"

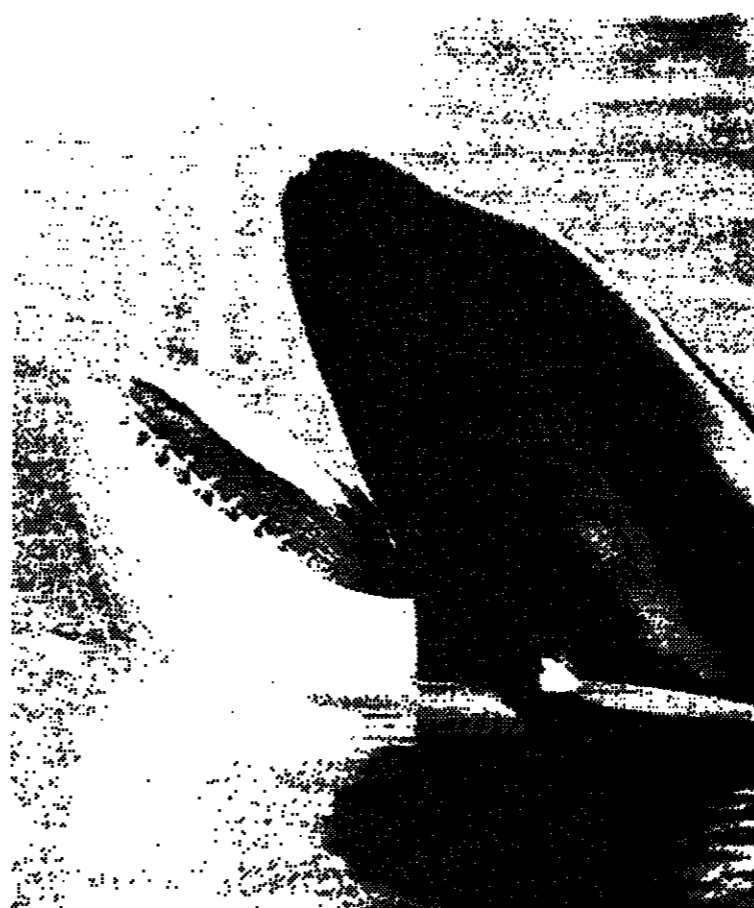
"Not exactly. He held a town hall meeting on the San Diego Freeway where O. J. made his drive, and he went up 43 points in the polls."

The Sad, Off-Camera Story of ‘Willy’ the Whale

By Ted Bardacke
West's Best Screen

Warner Bros., claimed that "we are very close to a solution. Keiko will be moved to a new wonderful home where the idea of release can be pursued and he won't be in a performing situation."

So the rush to do something seems rooted less in concern for Keiko than in the deep emotional response generated by the movie, and the contrast between its mythical ending and the whale's real-life fortunes.



Keiko, who played Willy in the film, in a scene from "Free Willy."

One of Keiko's main trainers, 22-year-old Carla Corral, explained that the whale is very used to having people around. Under her watchful eye Keiko slowly rolls on his side so visitors can stroke his rubbery underbelly.

While orcas share a species-wide "language," or set of identifying sounds, each family pod is distinct enough to have developed its own dialect.

Concentrated in the cold waters off Iceland and the northern Pacific

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Asia		Yodan		Commodity	
		H Low	G F	H Low	G F
Bangkok	31,088	24,75	26	28,188	24,75
Calcutta	27,100	23,10	23	23,900	18,00
Kuala Lumpur	26,862	24,75	26	26,780	24,75
Manila	27,100	23,10	23	27,100	23,10
Medan	34,925	24,75	26	34,925	24,75
Seoul	19,966	6,43	6	18,684	6,43
Singapore	22,711	12,63	12	22,711	12,63
Tokyo	31,988	24,75	26	31,988	24,75
Yokohama	26,379	23,10	23	26,379	23,10
Osaka	24,775	19,66	6	24,775	19,66
Africa					
Algiers	23,773	18,94	6	23,773	18,94
Cap Town	18,884	8,40	8	19,271	13,55
Harare	17,982	5,41	5	18,465	8,40
Lagos	22,711	7,44	7	23,773	18,94
Nairobi	26,782	23,73	23	26,782	23,73
Tripoli	24,775	16,61	6	24,775	16,61
North America					
Anchorage	6,43	12,4	7	9,485	13,51
Aspen	23,773	13,65	13	23,773	13,65
Boston	19,048	8,40	8	17,882	3,24
Chicago	17,982	5,41	5	18,465	8,40
Dallas	18,684	7,44	7	17,882	3,24
Denver	17,982	5,41	5	18,465	8,40
Honolulu	31,988	26,79	26	32,280	26,79
Los Angeles	19,966	6,43	6	19,966	6,43
Minneapolis	22,771	18,91	18	22,771	18,91
Miami	30,980	26,79	26	31,988	26,79
Montreal	14,877	6,43	6	15,152	4,28
New York	12,365	3,27	3	12,373	1,24
Philadelphia	17,982	5,41	5	18,465	8,40
Portland	18,684	7,44	7	17,882	3,24
San Francisco	31,988	26,79	26	32,280	26,79
Toronto	30,980	26,79	26	31,988	26,79
Winnipeg	14,877	6,43	6	15,152	4,28
Seattle	22,771	18,91	18	22,771	18,91
Washington	18,684	7,44	7	17,882	3,24
Yokohama	18,684	7,44	7	17,882	3,24

HONEYMOONING at an undisclosed location are Whoopi Goldberg and Lyke Claxton, who were married in a ceremony on her 30th birthday. Trachtenberg, 38, is an union organizer. The met on her TV set. Goldberg, 38, announced her engagement in April on "Larry King Live." She said then: "He's a normal guy. He's got a regular 9 to 5 job five days a week. I've never been out with somebody like that before." Videotape shot from helicopters over Goldberg's Pacific Palisades home Saturday showed a bride in a white gown and a groom in a tuxedo taking their vows on the back lawn. Steven Spielberg, Arnold Schwarzenegger and Matthew Modine were reported to be Hollywood notables among the 350 guests.



Honnymooner Whoopi Goldberg.

The U. S. Supreme Court has refused to revive an author's \$10 million libel lawsuit against The New York Times for publishing a negative review of his book. The court let stand on Monday a ruling that threw out **Dan Molden**'s suit because the comments that were the focus of the suit were "a supportable interpretation of the author's work." The writer sued the Times over a Sept. 3, 1989, review of "Interference: How Organized Crime Influences

journalism to trust the bulk of this book's 512 pages." The suit said the review "utterly destroyed Moldea's reputation as an investigative journalist."

Bill Gates, the Microsoft Corp. chairman, is back on top as the richest American, with a net worth of \$9.35 billion from his software empire. *Forbes* magazine says. Gates edged the stock tycoon **Warren Buffett**, with \$9.2 billion, out of the No. 1 spot, the business biweekly said in its annual report on the 400 richest Americans. *Forbes* said Buffett, 64, kept his company growing, but not as fast as Microsoft.

The creator of the syndicated cartoon "The Far Side," Gary Larson, plans to retire at the end of the year, the Universal Press Syndicate said Monday. Larson has drawn his cartoon of the absurd, featuring things like cows in singles bars and bacteria with family lives, for 15 years. The last cartoon will appear Jan. 1. Larson, 44, said his main reasons for retiring were "simple fatigue and a fear that if I continue for many more years my work will begin to suffer or at the very least ease into the Graveyard of Mediocre Cartoons."

Professional Football." The review, by a Times sportswriter, **Gerald Eskenazi**, contained some favorable comments but concluded that there was "too much sloppy

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Your flight's boarding.

Plenty of time to make, say

ten calls

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thought, isn't your flight about ready to take off?

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JAPAN*	0009-111	TAIWAN*	0000-10280-0	FINLAND*	0000-1000-10	LUXEMBOURG	0-000-0111	UKRAINE*	0100-011	TURKEY*	00-800-12227	COLOMBIA	100	KENYA*	00-111-11
KOREA	000-11	THAILAND*	0010-999-1111	FRANCE	100-0111	MALTA	0000-000-110	U.S.A.	0300-00-0011	ARAB EMIRATES*	800-121	CUBA*	00-111-11	LIBERIA	0020-10
MACAO*	000-11	EUROPE		GERMANY	0190-0010	MOLDOVA*	100-0011					EL SALVADOR**	797-797		
MALAYSIA*	800-0011	ARMENIA*	85141111	GREECE*	000-100-1211	NETHERLANDS*	06-022-0111					MEXICO**	05-100-420-1261		

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